

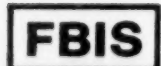
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29 September 1981

USSR Report

ECONOMIC AFFAIRS

No. 981



FOREIGN BROADCAST INFORMATION SERVICE

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PLANNING AND PLAN IMPLEMENTATION

KIPERMAN DISCUSSES PLAN INDICATORS

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 27 Jun 81 p 2

[Article by G. Kiperman, doctor of economic sciences, Moscow: "The Plan and the System of Indicators"]

[Text] To satisfy society's needs is the chief objective of any enterprise. And these are always concrete needs, just as the material goods that satisfy them are concrete. How necessary certain goods are, of what quality they should be and with what expenditures they are produced--all of this is assessed in the plan using natural indicators. Like a mirror, these indicators ought to reflect the chief consumer characteristics of goods. Up to now, however, many natural indices have not met this requirement. For example, production of technical apparatus in a number of sectors was planned previously in tons. Thus, output was characterized principally by its weight, not by its efficiency, durability, or low price.

Central planning agencies and sectoral ministries are now performing a major task, that of perfecting natural indices. The work has been most successful in the Ministry of the Electrical Equipment Industry. For example, the output of lead storage batteries was being planned in tons--according to the weight of the lead, whereas as of this year the basic indicator has been capacity in ampere-hours, that is, an index that reflects the product's primary characteristic and purpose.

A great deal is being done in a number of other ministries as well, but by no means in all. This work is proceeding too slowly in the chemical industry, building materials production, reinforced-concrete building and in ferrous and nonferrous metallurgy. Some ministries are preoccupied less with actually improving the indicators system than with creating the illusion of such improvement. An example is the solution of the Ministry of Chemical Machine Building: planning the output of oil production machinery and gas-purifying equipment not in tons, but according to value--in rubles. The "advantages" of such planning are evident: the illusion of successful plan fulfillment is created even when the plan is frustrated "in real life" in the manufacture of many goods.

In similar cases, this is first and foremost the result of mental inertia, habituation to time-tested indicators and fear of error. Some still go by the rule that unmade resolutions harbor no errors.

Naturally, production planning using a larger-scale physical assortment plan ought not to be implemented mechanically. Sometimes such a plan will even have to be curtailed, especially when the manufacturer is not oriented to the end result. In the electronics industry, for instance, the national economy's physical-assortment plan covers about 90 percent of the entire production, including that for intrasectoral consumption.

Normative net production [NNP] has aroused high hopes. Over 3,100 enterprises of 24 ministries and departments are already applying it. The Ministry of Machine Building for Light and Food Industry and Household Appliances, the Ministry of Power Machine Building, the Ministry of Heavy and Transport Machine Building and the Ministry of Machine Building for Animal Husbandry and Fodder Production, four ministries altogether, have made a complete transition to NNP-based planning and evaluation of operations; all ministries concerned with machine building will apply it as of 1 January 1982. The precondition for this is that the USSR State Committee on Prices develop and ratify sectoral NNP's for machine-building as a whole.

Nevertheless, to have these norms is by no means everything: all machine-building enterprises produce both goods for cultural and personal use and goods with economic significance; but there are as yet no normatives for many of them. They produce many goods that are associated with the profiles of the metallurgical industry, the chemical industry, wood-processing and building materials. Some of these sectors (the chemical and metallurgical) will not yet be applying NNP as of 1982; there is no rush to develop sectoral normatives. However, this is not conducive to preparing their counterparts to work according to the new criterion.

Experience also shows that efficiency of NNP application is reduced if this indicator is not carried to the shops or is not utilized in intraplant planning. If the enterprise is NNP-based but the individual shops apply as an indicator the total volume of output in differential accounting prices with inclusion of materials costs, then a contradiction will inevitably arise in the planning indicators system. Obviously, avoiding this is a matter of planning and evaluating the shops' work according to the NNP.

It is also of the utmost importance how well the economy's managers and plant economists understand the essence, meaning and consequences of the new indicator's use. But this does not always proceed smoothly. Sometimes one hears such statements as this: We have already been applying the NNP indicator for some years, but nothing has come of it--materials consumption has not been lowered and labor productivity is rising more slowly than in the enterprises that work on the old system.

Yes, these things happen. But is the indicator at fault? In and of itself it has no influence on the enterprises' work, but merely expresses better than anything else the results of measures directed at lowering materials consumption and accelerating the growth of labor productivity. But if such measures are not carried out, neither the NNP indicator nor any other will have any results to express.

Naturally, the new indicator cannot be introduced without some expenses; these are mainly related to developing normatives and introducing new lines and columns in accounts. The problem does not lie in the modest expenses for this, but elsewhere--in faulty comprehension of the indicator's essential meaning and in attempts to conceal organizational and administrative flaws with its help and to make them seem almost like virtues.

With the introduction of NNP, planning from a territorial point of view is also complicated; some enterprises have gone over to the new indicator, others are preparing to do so and still others are not yet concerned with the change. But how, under these conditions, can one plan for the oblast, the city or the rayon as a whole? By using "gross output," now as before? Yet enterprises applying NNP may not fulfill gross output indicators in individual quarters--a fact that has no direct effect on them, although it may substantially influence the "aspect" of the oblast and the city.

Unfortunately, neither natural nor value-based indicators resolve the question of post-auditing [an enterprise's] compliance with contract terms. For three years the sales indicator has been applied with accounting for fulfillment of product delivery quotas according to contracts and orders. But no improvement has been evident; foul-ups in delivery have been and remain a common occurrence.

The instruction in force on the accounting system for quota and contract fulfillment in product delivery was ratified in 1977. Now, naturally, it cannot fully meet the requirements ensuing from the decree of the CPSU Central Committee and the USSR Council of Ministers on the perfecting of the economic mechanism. Whoever succeeds in following it can systematically outdo his counterparts and be a leader and even victor in socialist competition.

Now a new instruction is being prepared on the accounting system for fulfillment of quotas and contract terms in product delivery. But it is not only a matter of the instruction. As an indicator, sales with accounting for plan fulfillment in delivery reflects the rhythmic character of production and the status of planning and accounting. But these are determined, not by an instruction, but by the level of economic management, discipline and soundness of operational organization. As is obvious, in order to implement completely the fulfillment of contracts and orders, operational planning must be perfected and sane requirements for anticipatory work must be established; the delivery indicator must be introduced into the intraplant system of economic accounting (with consideration for the special features of the shops). And if the sectoral ministries do not take charge of this series of measures, no indicators will substantially improve delivery.

The perfection of the planning indicators system in the current five-year plan has been quite uneven. But all these measures are uniformly related and subordinated to the resolution of one problem: more completely orienting the work of all production links to better end results for the national economy.

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PLANNING AND PLAN IMPLEMENTATION

AZERBAIJAN GOSPLAN CHAIRMAN ON REORGANIZATION

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 23 Jul 81 p 2

[Article by S. Abbasaliyev, chairman of the Azerbaijan SSR Gosplan, Baku: "The Logic of Reorganization"]

[Text] Two years have elapsed since the CPSU Central Committee and the USSR Council of Ministers enacted the decree "On Improving Planning and Strengthening the Economic Mechanism's Influence Upon the Rise of Production Efficiency and the Quality of Work." In our republic the reorganization of the economic mechanism was begun immediately, without shying at the starting gun, as one says. This was the result partly of experience accumulated in the course of economic experiments but chiefly-- of the specific character of the measures formulated by the Plenum of the Azerbaijan CP Central Committee. Its resolutions were the basis of multifaceted activity of the republic's party, soviet, planning, and economic organs.

Planning for the transition of enterprises and production associations to new management conditions has also helped to launch important organizational decisions. I have in mind the special commission of the Presidium of the Azerbaijan SSR Council of Ministers, founded a little over a year ago, and the measures to strengthen the republic Gosplan's interdepartmental commission. Now these organizations are closely and systematically monitoring the reorganization process and formulating proposals to eliminate the difficulties that arise. They are not few in number.

To perfect the economic mechanism is not merely to introduce new planning indicators. The goal is a much broader one whose essence is to improve the organization and coordination of all administrative links and to enhance the work of the ministries and departments, the production associations and the enterprises. More precisely, it is to tighten discipline on the part of the state and labor and to heighten personal and collective responsibility for efficiency and quality in all economic sectors.

The road to this goal has never been and can never be a straight one; it is more winding, like a mountain path. And here one must allow for a great number of factors and conditions, analyzing experience in great detail. From a situation of this type, then, we approached the results of experiments with normative net production, which, in our republic, began in 1979. Initial progress was heartening. The experiment's scope was broadened and as many enterprises as possible and principally all industrial branches were to be involved in it.

It was precisely here that some Union sectoral ministries showed lack of comprehension. As a matter of fact, there were no serious counter-arguments except the strictly departmental one: Why, that is, does the republic Gosplan stipulate a schedule for transitional priorities of the enterprises under Union jurisdiction? It was necessary to convince them by demonstrating that the slightest failure of planning and responsibility in the coordination of the republic's economic contacts leads inevitably to an administrative confusion that finally discredits the very idea of reorganization.

We succeeded in convincing the Union ministries, but the implementation of the schedule lagged; it was accomplished only at the end of September of last year. This was not the first time and we must assume that it will not be the last. The question arises how to coordinate the territorial and sectoral agencies efforts to reorganize the economic mechanism. What is the best solution? What procedure ought to be followed? Obviously, it makes sense to discuss this problem in print in order to give the USSR Gosplan reference points for solving it.

Another problem is preparation for work according to the new planning indicators. Let us take normative net production. This indicator is now applied by about 240 production associations and enterprises--about 35 percent of the total. Its scope is broad. And it has given rise to a problem in the training of the economic and financial services specialists. The difficulties do not lie only in the republic organizations' inability to train them to apply the indicator competently when planning and evaluating work. The difficulty lies in the failure of some ministries and departments to orient their enterprises' financial planning services toward such preparation. Up to now, many of them, including the machine-building enterprise, have not issued new official wholesale-price lists.

Now the efforts of the republic's planning agencies are directed at creating favorable conditions for a large-scale transition to new management forms and methods; strengthening discipline in planning and launching the material-technical supply system are central, as is the coordination of production and delivery plans. Improvement has already taken place. An example is the past year's work at the furniture factory "Krasnyy Oktyabr'," the Baku macaroni factory, the plant of the "Promavtomatika" trust, the Baku refrigerator plant and a number of other enterprises.

The results of improved general management conditions accompanying the introduction of the new indicators stand out in extremely bold relief. Where the material-technical supply has been prolongedly interrupted, planning discipline is impaired; where the plan's discipline is frustrated and, as before, everything is aimed at gross output at the expense of the physical-assortment plan, no indicator can come to the rescue. This happened at the Baku margarine plant. It did not receive the necessary raw materials on time and the level of normative net production was lower than at the evaluation of end results under the gross-output system.

The "Achilles heel" of the economic mechanism's reorganization, I think, will be the problem of coordinating the material-technical supply. There is only one solution--a determined effort to implement it in progressive forms, a matter to which the greatest attention, perhaps, is being devoted in the entire republic. At present, 273 enterprises have made the transition to direct long-term contacts, among

them 168 production associations and enterprises. An especially rapid transition was made by the enterprises of the USSR Ministry of the Petroleum Refining and Petrochemical Industry, the Ministry of Machine Building for Light and Food Industry and Household Appliances, Ministry of the Electrical Equipment Industry, VPO "Soyuzneftemash", the Ministry of the Chemical Industry and the USSR Ministry of Ferrous Metallurgy. There were great achievements by many in using this system to supply a major complex of needed material resources. In particular, the Azerbaijan pipe-rolling mill imen' V. I. Lenin obtains delivery of 12 very important types of resources by means of direct economic contacts, the Baku airconditioner plant of 8 and the Sumgait synthetic rubber plant of 18. Altogether, goods amounting to 163.1 million rubles will be delivered this year by direct long-term economic contacts-- 12% more than last year.

Let me point out the level of direct economic contacts. If you view the accounts applicable to supply, your heart is gladdened at the rapid development of this progressive system. But once you analyze the physical-assortment plan, confusion reigns: these contacts include long-term contractors who have been working for one another for a long time. As for consumers of the deposit [rossyp'yu], they were and will clearly be beyond the limits of the long-term contacts. Neither USSR Gossnab nor the sectoral ministries are taking decisive steps; what is more, they even refuse to take such steps. For example, we proposed for 1982 plans for linkage with the system that we deemed optimal and of benefit both to the supplier and the consumer. But USSR Gossnab accepted the proposal on the level of 65 percent of volume to be delivered; "Soyuzglavmetall" and "Soyuzglavles" on the level of 25 percent. Such a situation evokes serious concern; you see, the transition of production associations and enterprises to direct long-term economic contacts ought now to be essentially complete.

Last year there was an evaluation of commercial building growth and the exploitation of capacities in 20 construction organizations. At the same time, calculations of finished and rented units were made. In the plans for this year, limits on capital investment were introduced for builders. The initial results were significant. First of all, quarterly plans began to be overfulfilled regularly. Second, in initial construction this overfulfillment was as much as 9-10%. Exploitation of capacities was accelerated.

Beyond any doubt, the perfecting of the economic mechanism ought to keep pace with the reorganization of material-technical supply and strengthening of planning discipline. A balance of production and delivery plans is the key to the efficient application of new planning methods and forms of economic stimulus. Yet we are at the initial stage of our work; in order to complete it quickly and proceed to the next stage, in my opinion, we must resolve some organizational questions.

In particular, the actual introduction of the normative net production indicator corroborated the expediency of the USSR Gosplan's unified schedule for the transition of the Union republics' sectoral ministries, departments and industries to the new indicator. Such schedules are necessary both for the introduction of wage normatives per ruble of production and for the distribution of profits relative to net production in the building industry. It is these very schedules that make it possible to coordinate the work of territorial and sectoral planning agencies more efficiently. It makes sense to do this, both in order to develop production plans rationally and to distribute concrete production planning among all administrative levels. It is especially important that USSR Gossnab stipulate precisely the deadlines for the transition by the ministries, departments and union republics to direct long-term economic contacts.

Among the republics, ministries and departments, production associations and enterprises, experiences with the introduction of the new economic mechanism must be shared systematically. Up until now, this matter has been neglected. However, the USSR Gosplan Scientific Research Institute of Planning and Normatives could take over this exchange. This body has developed a method for, and is inclined towards, the study of experience and the communication of useful information to the planning agencies.

As yet, there is insufficient systematic information on new normative acts for the planners in the localities. Why not consider publishing a bulletin of the USSR Gosplan interadministration commission? In it could be published new methodological documents, resolutions of the commission itself and information on experience with introducing the new economic mechanism. All this, I think, would help to make the transition through the 'introductory stage of the new economic mechanism more rapid and successful, without appreciable losses.

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INVESTMENT, PRICES, BUDGET AND FINANCE

DATA ON USSR PRICE CHANGES

Wholesale, Retail, Incentive Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 42, Oct 80 p 8

[Article]

[Text]

Ratification of Temporary Prices

Goskomtsen [USSR State Committee on Prices] ratified temporary wholesale and retail prices, including markups for higher quality products, for textiles, rugs and carpeting that are distinguished by the newness of structure, design, color, and finishing, that meet the demands of fashion and that are classified as new products of improved quality by the Interdepartmental Commission under VIAlegprom [All-Union Institute of the Assortment of Goods of Light Industry].

These textiles are produced by the "Trekhgornaya manufaktura" Cotton Combine, by the Shchekinskoye Silk Production Association; by the Margilanskiy, Yerevanskiy and Leninabadskim silk combines; by the Moscow "Krasnaya Roza" Silk Combine; by the Vitebskiy and Namanganskiy silk textiles combines; by the Krasavinskiy and Smolenskiy linen combines; and by the Panazhevskoye "Minas" Linen Production Combine. Rugs and carpeting are produced by the Tallinskoye "Mistra" Science-Production Association.

Markups are differentiated depending on the quality of the products.

Reduction of Wholesale Prices

The USSR State Committee on Prices ratified new wholesale prices on chronometers and instruments for monitoring and regulating temperature, pressure, and the expenditure and level of substances in production processes. The given chronometers and instruments are manufactured by Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems].

List prices on chronometers were reduced by more than 9 percent on the whole. The enterprise cost of production (which was taken as the basis for the new prices) was reduced by 4.6 percent (not counting rising costs) compared with 1979.

Wholesale prices on timepieces earmarked for technical use were reduced by 12.4 percent and on clockwork mechanisms and time relays--by 4.8 percent.

The new wholesale prices on monitoring and regulatory instruments were based on the 1980 enterprise cost of production and took into account its lowering depending on the gestation period and prospective development of production which amounted to 14.8 million rubles not counting external increases in cost.

On the whole, wholesale prices in the list were reduced by approximately 20 percent taking into account the regularization of profitability. At the same time, these wholesale prices were reduced 12.5-22.5 percent in all sections of the price list.

Incentive Markups

The TsPK-100R conveyor produced by the L'vovskoye "Konveyer" Production Association was awarded the state Quality Emblem. Measures taken made it possible to increase the service life of the new conveyor by 14 percent and to reduce its weight by 3 percent. The markup in the wholesale price was set at 7 percent.

The KM-130 stoping complex is intended to mechanize all coal stoping and transporting processes. The complex is available in 15 different configurations to accommodate various geological conditions and angles of incidence.

Unlike its analogue, the new complex operates under more complex geological conditions. Its productivity has been increased by 50 percent. It is moved by totally mechanized means. It is remote controlled and hence safer to operate.

The complex has been awarded the state Quality Emblem. The wholesale price contains an 8 percent markup. The markup is 1.5 times higher since inventions are employed in the basic components of the complex.

New Wholesale Price Lists

Moscow EKONOMICHESKAYA GAZETA in Russian No 43, Oct 80 p 8

[Article]

[Text] On 10 October 1980 USSR Goskomtsen ratified, published and mailed to enterprises and organizations price lists that will become effective on 1 January 1982:

- 01-01 Wholesale prices on ferrous metallurgy ores and fluxes.
- 01-02 Wholesale prices on blast furnace and ferroalloy slag.
- 01-03 Procurement and selling prices on ferrous metal scrap.
- 01-04 Wholesale prices on refractory products and raw materials.
- 01-05 Wholesale prices on cast iron and ferroalloys.
- 01-06 Wholesale prices on coke and thermoanthracite.
- 01-07 Wholesale prices on steel to be used in metallurgical processes.

01-11 Wholesale prices on rails and other railroad products.

01-15 Wholesale prices on cast iron pipe and fittings.

01-16 Wholesale prices on cold-rolled steel strips.

01-17 Wholesale prices on steel wire.

01-18 Wholesale prices on steel cable.

01-19 Wholesale prices on metal mesh.

01-20 Wholesale prices on metal electrodes.

01-21 Wholesale prices on general-purpose holders, fasteners and clamps.

02-05 Procurement and selling prices on ferrous metal and alloy scrap.

02-04 Wholesale prices on electrode products.

02-15 Wholesale prices on rough diamonds.

03-01 Wholesale prices on coal, shale, products of coal enrichment and briquettes.

I-03-01 Wholesale prices on imported coal and lignite briquettes.

04-01 Enterprise wholesale prices on oil.

04-02 Industrial wholesale prices on petroleum products.

04-03 Wholesale prices on natural gas, by-product petroleum gas, gas from oil refining, synthetic gas, coke gas, blast furnace gas, and gas resulting from the chemical processing of fuel.

04-05 Wholesale prices on oil delivered for export.

04-06 Wholesale prices on oil delivered by oil refineries.

05-01 Wholesale prices on chemical products earmarked for general industrial use.

05-02 Wholesale prices on synthetic resins and plastics.

05-04 Wholesale prices on paints and varnishes.

05-05 Wholesale prices on synthetic dyes.

05-06 Wholesale prices on chemical products of petrochemistry, by-product coke industry and nonferrous metallurgy enterprises.

05-07 Wholesale prices on mineral fertilizers and chemical plant protection agents.

05-08 Wholesale prices on products of the wood chemistry and hydrolysis industry.

05-09 Wholesale prices on ebonite products and parts.

05-13 Wholesale prices on products of the tire industry.

05-14 Uniform wholesale prices on the products of the tire industry.

05-16 Wholesale prices on conveyor belts and rubberized belts.

05-17 Wholesale prices on rubber sleeves and hoses.

06-02 Part II. Wholesale prices on fiberglass products.

06-04 Part I. Wholesale prices on asbestos and graphite.

06-06. Wholesale prices on products of the mica industry.

06-07 Wholesale prices on piezooptical mineral raw materials.

06-21 Wholesale prices on semiprecious stones in the rough.

07-01 Taxes on basic types of standing timber.

07-02 Wholesale prices on timber f. o. b. logging site.

07-06 Wholesale prices on plywood, plywood products, lumber.

07-08 Wholesale prices on wooden packaging components.

07-09 Part II. Wholesale prices on packaging for light industry products.

07-16 Wholesale prices and deposits on plastic packaging materials.

09-01 Rates on electric and thermal energy distributed by power systems and electric power stations belonging to the USSR Ministry of Power and Electrification.

30-02 Wholesale prices on macaroni foods (excluding turnover tax)

40-01 Wholesale prices on cotton fiber for cotton ginneries.

40-02 Wholesale prices on cotton fiber (used in settling accounts with customers)

40-03 Wholesale prices on waste of the cotton cleaning industry and technical cotton seeds.

40-08 Wholesale prices on waste material in cotton production.

40-09 Wholesale prices on cotton batting and batting products.

41-01 Wholesale prices on washed natural wool.

I-41-01 Wholesale prices on imported wool.

41-05 Wholesale prices on reclaimed wool and waste of the woolen industry.

42-07 Wholesale prices on waste of the silk industry.

43-01 Wholesale prices on milled and unmilled flax fiber and flax tow.

43-02 Wholesale prices on hemp fiber and bast, on jute and ambary fiber.

43-03 Wholesale prices on combed flax, combed hemp and combings.

43-10 Wholesale prices on flax waste and waste coarse-fiber bast materials.

The 14 October 1980 decree of USSR Goskomtsen postponed the effective date of new price lists on radioelectronic products from 1 January 1981 to 1 January 1982.

Price Lists, Quality Markups

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 80 p 8

[Article]

[Text] The USSR State Committee on Prices ratified new price lists that are to take effect on 1 January 1982:

20-03 Wholesale prices on general-purpose internal combustion, diesel and marine engines, diesel generators, gas-engine compressors and mobile electric power stations.

15-07 Wholesale prices on lighting fixtures.

23-03 Part II Wholesale prices on petrochemical equipment.

15-05 Wholesale prices on power transformers, complete transformer substations and concrete reactors.

7-01 Wholesale prices on general-purpose electrical measuring instruments.

5-15 Wholesale prices on light sources.

-06 Part I Wholesale prices on electrical welding equipment.

-16 Wholesale prices on power transformers and power generating units.

04 Wholesale prices on linen yarn and thread.

2 Wholesale prices on wool yarn.

New wholesale prices were ratified simultaneously with new wholesale prices in price lists 23-03, 15-07, 15-05, 17-01, 15-06 Part I, 23-03 Part II.

Markups for Quality

USSR Goskomtsen ratified temporary wholesale and retail prices on certain goods manufactured by the Tbilisskaya Model Footwear Factory, the Minskoye "Luch" Footwear Association, the Vitebskaya and Zhdanovskaya hosiery mills, the Nikolayevskoye Knitted Goods Production Association, the "Punane Koyt" Textile Mill, the Shchelkovskaya Spinning and Knitting Mill, and the Dnepropetrovskiy Model Clothing Center.

Temporary prices include markups for the improved quality of knitted outer garments, footwear and overcoats of exceptional quality and finishing corresponding to the demands of fashion and certified as new products of higher quality by inter-departmental commissions under VIAlegprom.

The markups are differentiated according to the quality of the products.

Price Lists, Wholesale

Moscow EKONOMICHESKAYA GAZETA in Russian No 45, Nov 80 p 9

[Article]

[Text] USSR Goskomtsen ratified new wholesale price lists that are to take effect on 1 January 1982:

- 21-04 Wholesale prices on electrical equipment, instruments, fuel apparatus and spare parts for motor vehicles, motorcycles, tractors and agricultural machinery.
- 15-06 Part II Wholesale prices on equipment and apparatus for the flame machining of metals and metal spraying equipment.
- 15-17 Wholesale prices on low-voltage package units.
- 40-04 Wholesale prices on cotton yarn.
- 41-04 Wholesale prices on technical fabrics, unbleached cloth and yarn, woolen belts and fabric for fleecy strips.
- 59-07 Wholesale prices on fountain pens and ballpoint pens.

Net output norms were ratified simultaneously with wholesale prices in price lists 21-04, 15-06 Part II and 59-07.

Price Lists, Technical

Moscow EKONOMICHESKAYA GAZETA in Russian No 46, Nov 80 p 15

[Article]

[Text] USSR Goskomtsen ratified new wholesale price lists that will become effective 1 January 1982:

19-02 Wholesale prices on stoping and tunneling equipment.

17-15 Wholesale prices on remote control equipment.

23-01 Wholesale prices on pumps.

60-01 Wholesale prices on motion-picture photographic goods.

42-03 Wholesale prices on raw cotton, silk yarn, and yarn and twisted goods made from artificial and synthetic fibers.

42-06 Wholesale prices on technical twisted goods from raw silk, artificial and synthetic threads. Net output norms were simultaneously ratified with the wholesale prices in price lists 19-02, 17-15, and 23-01.

Net output norms were also established for products included in price lists 15-08, 15-11 and 15-16 previously ratified by USSR Goskomtsen.

Price Lists Mailed

Moscow EKONOMICHESKAYA GAZETA in Russian No 47, Nov 80 p 6

[Article]

[Text] In addition to information published in EKONOMICHESKAYA GAZETA No 43 for 1980, USSR Goskomtsen reports that on 10 November 1980 USSR Goskomtsen ratified, published and mailed to interested organizations price lists that will take effect on 1 January 1982:

01-08 Wholesale prices on section and shaped steel.

01-10 Wholesale prices on sheet and broad strip steel.

01-13 Wholesale prices on seamless and welded steel pipe.

01-14 Wholesale prices on threaded steel pipe.

02-06 Wholesale prices on heavy ferrous metal sheets, strips, tape and foil.

02-12 Wholesale prices on semiconductor materials.

04-04 Enterprise wholesale prices on petroleum products.

- 05-10 Wholesale prices on technical asbestos products.
- 06-04 Part II Wholesale prices on asbestos-cement products.
- 06-18 Wholesale prices on blanks made from optical glass.
- 07-03 Wholesale prices on wood products (including firewood).
- 07-04 Wholesale prices on exported and imported wood products.
- 07-05 Wholesale prices on impregnated wood products.
- 07-09 Wholesale prices and deposits on recyclable packaging for foodstuffs and products of light industry and other branches of industry.
- 15-08 Wholesale prices on power capacitors and capacitor plants.
- 15-11 Wholesale prices on chemical current sources.
- 19-08 Wholesale prices on reduction gears and sleeve couplings.
- 34-15 Wholesale prices on products of the winemaking industry (excluding turnover tax).
- 34-15 Wholesale prices on grape wines, Azerbaijan cognacs and wine materials (excluding turnover tax).
- 34-15 Wholesale prices on grape, fruit and berry wines, cognacs and wine materials (excluding turnover tax).
- 35-21 Wholesale prices on nonmedical antibiotics.
- 44-01 Wholesale prices on hides, sheepskins and furs.
- 44-16 Wholesale prices on glue stock, zavodskaya wool, bristles, and waste material of the leather and footwear industry.
- 44-17 Wholesale prices on tanning extracts and synthetic tanning agents.
- 46-04 Wholesale prices on wool, parts of dressed and undressed hides and waste materials of the fur industry.
- 47-01 Wholesale prices on knitted outerwear.
- 47-08 Wholesale prices on waste materials of the knitted goods industry.
- 62-01 Wholesale prices on radios, combination radio and recordplayer units, television sets, tape recorders and carrying cases.
- 62-03 Wholesale prices on telephone sets, spare parts and accessories.
- 62-04 Wholesale prices on computers with self-contained power supply.

70-80 Wholesale prices on unprocessed furs.

70-86 Wholesale prices on karakul and astrakhan hides.

Wholesale Price Lists

Moscow EKONOMICHESKAYA GAZETA in Russian No 51, Dec 1980 p 6

[Article]

[Text] USSR Goskomtsen ratified new wholesale price lists that will take effect on 1 January 1982:

15-03 Wholesale prices on high-voltage electrical equipment.

17-03 Part 1 Wholesale prices on instruments and machines for testing materials and for measuring mechanical magnitudes.

18-09 Wholesale prices on standard-unit-type metalcutting and special precision boring machines.

19-05 Wholesale prices on auxiliary boiler-turbine equipment.

22-02 Wholesale prices on crushing and grinding equipment.

23-06 Wholesale prices on printing equipment.

23-08 Wholesale prices on air conditioners and fans.

24-09 Wholesale prices on glassmaking equipment.

24-17 Wholesale prices on home gas equipment.

Net output norms were simultaneously ratified simultaneously with new wholesale prices on products included in these price lists (with the exception of price lists 23-08 and 24-17). Net output norms were also established for products in price list 15-10, Part 1 (Wholesale prices on electrical insulation) previously ratified by USSR Goskomtsen.

Wholesale prices and net output norms were also ratified on mine ore cars and mine electric locomotives.

Wholesale Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 81 p 9

[Article]

[Text] USSR Goskomtsen ratified new wholesale price lists that will become effective on 1 January 1982:

- 15-14 Wholesale prices on industrial furnaces and heating plants.
- 17-11 Wholesale prices on hydrometeorological, geophysical and geological prospecting instruments.
- 18-05, Part II Wholesale prices on means of measuring and monitoring linear and angular dimensions in machine building.
- 18-05, Part IV Wholesale prices on mechanized hand tools.
- 19-01 Wholesale prices on units, machines and mechanisms for metallurgical production (in addition to rolling and wire-drawing equipment).
- 20-01 Wholesale prices on railroad rolling stock.
- 24-08 Wholesale prices on leather-footwear equipment.
- 40-10 Wholesale prices on nonwoven textile materials.
- 44-06 Wholesale prices on leather sport footwear.
- 47-04 Wholesale prices on gloves, mittens, caps, scarves, kerchiefs and jersey knitwear.
- 47-09 Wholesale prices on synthetic fur.
- 53-03 Wholesale prices on motorcycles, motor scooters, mopeds, motorbicycles and bicycles (excluding children's models).
- 55-04 Wholesale prices on sport-hunting weapons and ammunition.

Net output norms were ratified simultaneously with wholesale prices in price lists 15-14, 17-11, 18-05 (Part II and Part IV), 19-01, 20-01, 24-08, 53-03, and 55-04.

Net output norms were also ratified on products in price lists:

- 15-02 Wholesale prices on high-powered electrical machinery, turbogenerators, hydraulic generators, and synchronous compensator.
- 15-04 Wholesale prices on low-voltage electrical equipment.
- 15-17 Wholesale prices on low-voltage package units. The given price lists were previously ratified by USSR Goskomtsen.

An Incentive Markup is Established

A machine for cutting heads and grinding the edge of glass products of the MOS type produced by the Orekhovo-Zuyevskiy "Steklomash" Plant is the first domestic model of a standard glassmaking unit.

In accordance with the economic effect derived from the use of a given machine an incentive markup in the sum of 4850 rubles is added to the purchase price (wholesale) of 42,630 rubles.

Ratification of a Purchase Price

In response to a request from the Ministry of the Medical Industry and the Main Administration for Hunting and Game Preserves of the RSFSR Council of Ministers, USSR Goskomtsen ratified a purchase price on cultivated ginseng root in the amount of 500 rubles per kilogram.

A Markup is Extended

The 4P?-2 tunneling machine manufactured by the Yasinovatskiy Machine Building Plant (Ministry of Heavy and Transport Machine Building) has been re-certified for the state Quality Emblem. The machine's technical and economic features have been approved as follows: technical productivity has been increased from 0.35 to 0.40 cubic meters a minute; and the range of the boom has been increased 3 percent. These modifications have been reflected in technical norms.

The previous markup in the wholesale price ratified by Goskomtsen SSSR has been extended for the effective period of the state Quality Emblem.

Wholesale Price Lists Ratified

Moscow L'ONOMICHESKAYA GAZETA in Russian No 1, Jan 81 p 11

[Article]

[Text] Goskomtsen SSSR ratified new wholesale price lists that will take effect on 1 January 1982:

- 07-07 Wholesale prices on standard houses and home packages with walls made from local building materials.
- 15-09 Wholesale prices on cables.
- 17-08 Wholesale prices on computers.
- 18-17 Wholesale prices on diamond dust and diamond tools made from natural synthetic diamonds [sic].
- 22-03 Wholesale prices on equipment for the production of building materials.
- 23-05 Wholesale prices on equipment for the production of paper and cardboard.
- 24-01 Wholesale prices on sewing equipment.
- 24-06 Wholesale prices on trade equipment.
- 40-05 Wholesale prices on cotton sewing, embroidery, knitting, and darning thread.
- 40-11 Wholesale prices on special technical fabrics, belts, conveyor belts, and other technical products.

41-06 Wholesale prices on rugs and carpeting.

47-05 Wholesale prices on special-order knitted goods.

64-01 Wholesale prices on electrical goods.

Net output norms were ratified simultaneously with wholesale prices in price lists 17-08, 18-17, 22-03, 23-05, 24-01, 24-06 and 64-01. Net output norms were also ratified on products included in price lists:

15-15 Wholesale prices on light sources; and

17-04 Wholesale prices on instruments for monitoring and regulating temperature, pressure, expenditure and levels of substances in production processes.
The given price lists were previously ratified by USSR Goskomtsen.

The Results of Price Checks

USSR Goskomtsen examined the results of checks on the substantiation of wholesale prices. The checks revealed that enterprises belonging to the All-Union "Soyuzprompribor" Industrial Association of Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems] produce PTR electronic temperature regulators with a wholesale price ranging between 34 and 43 rubles.

Starting in 1978 Minpribor began producing new regulators (PT) which were assigned a unit wholesale price of 120 rubles in recognition of their costlier components that expand the range of temperature regulation from 130 to 300°. These regulators have widely replaced PTR regulators in SHAP livestock buildings and in PVU electrical equipment manufactured by Minelektrotekhprom [Ministry of the Electrical Equipment Industry] even though such replacement was not required in the production of equipment for agriculture. This ultimately resulted in 2 million rubles in additional costs to kolkhozes and sovkhoses.

USSR Goskomtsen rescinded the higher wholesale prices on SHAP control panels and PVU electrical equipment and markups in wholesale prices on a number of other products employing PT regulators.

Funds realized by "Soyuzprompribor" enterprises from supplying Minelektrotekhprom enterprises with costly temperature regulators for use in agricultural products were confiscated and paid into the state budget.

Wholesale Price Lists Continued

Moscow EKONOMICHESKAYA GAZETA in Russian No 3, Jan 81 p 9

[Article]

[Text] USSR Goskomtsen ratified wholesale price lists that will become effective on 1 January 1982:

06-08, Part II Wholesale prices on reinforced concrete products.

- 19-06 Wholesale prices on loading-unloading equipment.
- 26-03 Wholesale prices on the capital repair of tractors, tractor engines, assemblies and units for enterprises and organizations belonging to industrial ministries and departments and other nonagricultural enterprises and organizations.
- 26-03A Wholesale prices on the capital repair of tractors, tractor engines, assemblies, units and hook-on equipment for agricultural enterprises and organizations.
- 19-14 Wholesale prices on transporting equipment.
- 19-04 Wholesale prices on boilers, turbines and turbine installations.
- 27-07 Wholesale prices on spare parts for trucks, buses and trolleybuses.
- 27-09 Wholesale prices on spare parts for agricultural machinery.
- 18-02 Wholesale prices on wood processing equipment.
- 18-03 Wholesale prices on forges and presses.
- 18-05, Part III Wholesale prices on bench-installation tools.
- 23-12 Wholesale prices on polymer equipment.
- 17-14, Part I Wholesale prices on instruments used to determine the composition, properties and structure of substances in production processes.
- 18-11 Wholesale prices on automatic lines of machine tools.
- 45-01 Wholesale prices on rubber footwear.
- 47-03 Wholesale prices on hosiery.
- 48-01 Wholesale prices on curtain, tulle and lace fabrics.
- 57-01 Wholesale prices on paper products.
- 51-01 Wholesale prices on cans and bottles for the food and dairy industry.
- 23-10 Wholesale prices on flanges, joints and fittings for pipelines.
- 19-03 Wholesale prices on drilling equipment, geological prospecting equipment and oil and gas extraction equipment.
- 23-02 Wholesale prices on refrigeration and compressor equipment.

Net output norms were ratified simultaneously with wholesale prices on products in price lists 19-06, 19-14, 19-04, 23-10, 26-03, 26-03A, 27-07, 27-09, 18-02, 18-03, 18-05 (Part III), 19-03, 23-02, 23-12, and 18-11.

Net output norms are also ratified on products made from metal powders, the wholesale prices on which were previously ratified by Goskomtsen.

The Results of Checks

In 1979-1980 the Tomskiy Bearing Plant of Minavtoprom [Ministry of the Automotive Industry] sold 24-45 Yu4T bearings at the informally established price of 17 rubles. In 1979 USSR Goskomtsen established the wholesale price of 13 rubles on these bearings. A check revealed that as a result of the unduly high price, the plant had illegally realized 24,600 rubles from the customers.

USSR Goskomtsen examined the findings of the check and ordered that sums received from the violation of price discipline by the Tomskiy Bearing Plant be paid to the state budget. These sums will not count toward the enterprises's fulfillment of the sale and profit plan.

Wholesale Price Lists on Metal

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 81 p 9

[Article]

[Text] As a supplement to information published in EKONOMICHESKAYA GAZETA (No 43 and 47, 1980), Goskomtsen reports that on 10 January 1981 the USSR State Committee on Prices ratified, published and mailed to interested organizations price lists that will take effect on 1 January 1982:

- 01-23 Wholesale prices on structural components made from aluminum alloys.
- 02-01 Wholesale prices on nonferrous metals, alloys and powders.
- 02-07 Wholesale prices on pipe, rods, and wire made from heavy nonferrous metals.
- 05-18 Wholesale prices on technical goods and producer goods.
- 05-20 Wholesale prices on synthetic and artificial stones.
- 05-22 Wholesale prices on detergents in small packages.
- 06-01 Wholesale prices on cement.
- 06-02, Part II Wholesale prices on fiberglass products.
- 07-09, Part I Wholesale prices on boxes for food products.
- I-07-09 Wholesale prices on wooden packaging for imported products.
- 07-11 Wholesale prices on wooden drums, spools for electric cables, and steel cable, and parts for wooden drums.
- 07-16 Wholesale prices and deposits on plastic packaging.
- 07-30 Wholesale prices on cardboard shipping cartons.
- 07-31 Wholesale prices and deposits on wooden barrels.

- 08-01 Wholesale prices on products of the pulp and paper industry.
- 15-10, Part I Wholesale prices on electric insulation.
- 19-13 Wholesale prices on winches.
- 23-09 Wholesale prices on equipment for purifying the air and industrial gases.
- 24-05 Wholesale prices on electrical products.

Preliminary Prices, Wholesale Price Lists

Moscow EKONOMICHESKAYA GAZETA in Russian No 5, Jan 81 p 10

[Article]

[Text]

On Preliminary Prices

In plans for the construction of leading enterprises and facilities with new technological processes and equipment in the running-in stage, the value of which cannot be determined on the basis of wholesale prices or limit prices, it is permissible to use preliminary prices for such equipment. These prices must be coordinated with USSR Goskomtsen before the given plans are ratified.

With the consent of USSR Gosplan and USSR Gosstroy, USSR Goskomtsen in letter No 10-17-185 dated 15 January 1981 established the following procedure for elaborating and coordinating draft preliminary prices on special-order equipment in the running-in stage for determining the cost of building leading enterprises and facilities with new technological processes and equipment in the running-in stage:

(a) the project-planning organization--the general planner of the construction project together with the client (customer) and supplier (manufacturer) of special-order equipment--elaborates the preliminary prices and provides their economic substantiation, including the calculation of the economic effect;

(b) for their substantiation, client ministries (departments) submit to USSR Goskomtsen for various types of equipment:

--the technical and economic characterization of the given equipment with due regard to the potential manufacturing plant;

--the materials that form the basis of the calculation of the preliminary price;

--the calculation of the projected economic effect.

Within 2 months of the receipt of the materials, USSR Goskomtsen issues its conclusion to the client ministry (department) which communicates this conclusion to interested organizations.

After the duly organized ratification of wholesale prices, the re-ratification of estimated construction costs in connection with changes in the cost of special-order equipment in the running-in stage may in the necessary cases be carried out by USSR ministries and departments with the agreement of USSR Goskomtsen and USSR Gosplan.

New Price Lists

As a supplement to information published in EKONOMICHESKAYA GAZETA (No 43 and No 47 for 1980 and No 4 for 1981), USSR Goskomtsen reports that on 10 January 1981 the USSR State Committee on Prices ratified, published and mailed to interested organizations price lists that will become effective on 1 January 1982:

- 34-15 (Georgia) Wholesale prices (excluding turnover tax) on grape, fruit and berry wines, brandy and wine materials.
- 34-15 (Moldavia) Wholesale prices (excluding turnover tax) on grape, fruit and berry wines, brandy and wine materials.
- 42-02 Wholesale prices on products produced by enterprises in the chemical fibers industry.
- 43-06 Wholesale prices on conveyor belts, fire hoses and fish-pump hoses.
- 44-02 Wholesale prices on rubber soles, plastic leather and cardboard used in footwear.
- 44-04 Wholesale prices on binding materials and nitrosynthetic leather.
- 44-10 Wholesale prices on special-order footwear sets and parts.
- 60-03 Wholesale prices on motion picture films, photographic plates, belts and magnetic disks for industrial and scientific purposes.

Wholesale Price Lists, Purchase Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 81 p 9

[Article]

[Text] Goskomtsen ratified new wholesale price lists that will become effective on 1 January 1982:

- 24-02 Wholesale prices on firefighting machinery and equipment.
- 24-03 Wholesale prices on food equipment.
- 24-10 Wholesale prices on municipal service machines and equipment.
- 23-03, Part 1 Wholesale prices on standardized chemical equipment.

- 18-04 Wholesale prices on foundry shop equipment.
- 18-01 Wholesale prices on metalcutting machine tools.
- 18-06 Wholesale prices on abrasive materials, abrasive tools and emery cloth.
- 23-11 Wholesale prices on cryogenic equipment and vacuum pumps.
- 34-04 Wholesale prices on vegetable oil and other products of the oil and fat industry.

Net output norms were simultaneously ratified together with wholesale prices on products included in all price lists (with the exception of Price List No 34-04).

On Purchase Prices

In fulfillment of the 14 November 1980 decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving the Planning and Economic Stimulation of the Production and Procurement of Agricultural Products," new purchase prices have been established on agricultural products. The given prices will become effective as of 1 January 1982.

Most of the resources allocated to union republics are used to raise the purchase prices on low-profitability or unprofitable products: milk, cattle, hogs, potatoes, sugar beets, and certain other products.

Some republics have used the allocated sums to improve zonal price differentiation. For example, in the Latvian SSR the differentiation of prices for various administrative regions has been replaced by differentiation based on groups of farms irrespective of their territorial location.

The new purchase prices envisage the stimulation of the production of high-quality agricultural products.

Wholesale Price Lists, 1982

Moscow EKONOMICHESKAYA GAZETA in Russian No 12, Mar 81 p 7

[Article]

[Texts] USSR Goskomtsen ratified new wholesale price lists that will become effective on 1 January 1982:

- 06-08, Part 1 Wholesale prices on reinforced concrete products.
- 21-01 Wholesale prices on trucks, buses, trolleybuses and trailers.
- 21-03 Wholesale prices on agricultural machinery.
- 21-05 Wholesale prices on tractors.
- 21-06 Wholesale prices on machinery and equipment for livestock farming and fodder production.

- 21-08 Wholesale prices on mobile homes.
- 19-07 Wholesale prices on units, machines and mechanisms used in the production of rolled metal and wire.
- 22-01 Wholesale prices on construction, roadbuilding and peat-extraction equipment.
- 23-04 Wholesale prices on equipment for the primary processing of natural fibers and for the production of chemical fibers for the textile, tricot, fulling-felt, haberdashery and cable industry.
- 27-08 Wholesale prices on spare parts for tractors.
- 27-10 Wholesale prices on spare parts for livestock farming equipment.
- 31-01 Wholesale prices on products of the meat, poultry processing and glue-gelatin industry.
- 32-01 Wholesale prices on the products of the dairy industry.
- 33-01 Wholesale prices on fish, fish products, canned fish and marine mammal products.
- 33-02 Wholesale prices on marine products and canned marine products.
- 33-03 Wholesale prices on prepared fish products, seafood products and marine mammal products.
- 33-04 Wholesale prices on live fish and fish from local reservoirs.
- 33-10 Wholesale prices on prepared fish products and prepared marine products and marine mammal products for industrial processing.
- 34-02 Wholesale prices on granulated sugar (effective 1 September 1981).
- 34-05 Wholesale prices on margarine products.
- 40-07 Wholesale prices on finished cotton textiles, piece goods and unbleached textiles.
- 41-03 Wholesale prices on yarn, unbleached textiles, fabrics and woollen piece goods (woolen).
- 42-05 Wholesale prices on finished silk fabrics, piece goods and unbleached goods.
- 43-08 Wholesale prices on finished linen goods, piece goods and unbleached goods.
- 43-15 Wholesale and acceptance prices on fabric sacks.
- 44-07 Wholesale prices on children's footwear.

44-08 Wholesale prices on women's leather footwear.

47-02 Wholesale prices on knitted undergarments.

47-01 Wholesale prices on knitted outer garments.

44-09 Wholesale prices on men's footwear.

53-01 Wholesale prices on timepieces.

62-01 Wholesale prices on radio goods.

Net output norms were simultaneously confirmed with wholesale prices in price lists 21-01, 21-03, 21-05, 21-06, 21-08, 19-07, 22-01, 23-04, 27-08, 27-10, 34-02, and 34-05.

The elaboration and examination of drafts of new wholesale price lists to take effect on 1 January 1982 end with the ratification of the aforementioned price lists.

Price Discipline

Moscow EKONOMICHESKAYA GAZETA in Russian No 13, Mar 8, p 7

[Article]

[Text] The 9th State Bearing Plant imeni V. V. Kuybyshev of Minavtoprom and the "Volgotsemash" Plant of Minstroydormash [Ministry of Construction, Road and Municipal Machine Building] changed bearings 10777/560 M (class 0) for rotating furnaces costing 4200 rubles with 10777/560 M (class B) bearings costing 8400 rubles. This replacement was not envisaged in the technical specifications and agreements on the delivery of bearings. The use of the costly bearings increased the wholesale prices of furnaces and bearings in 1979-1980 by 210 thousand rubles.

The management of client plants did not display the requisite demandingness regarding the expenditure of state funds, paid unduly high prices for furnaces and thereby permitted high costs of fixed capital.

The given check brought these irregularities to light. USSR Goskomtsen examined the results of the check and through its decree called the attention of Minavtoprom, Minstroydormash and Minstroyaterialy to flagrant violations of state discipline by subordinate enterprises. The state budget was the beneficiary of 210,000 rubles excess earnings of the 9th GPZ and the "Volgotsemash" Plant. It was stipulated that given the delivery of 10777/560 M (class B) bearings by the 9th GPZ in place of 10777/560 M (class 0) bearings, the accounts between this plant and the client enterprises must be settled on the basis of wholesale prices ratified for bearings 10777/560 M (class 0).

New Manuals

In connection with the new wholesale prices and rates introduced as of 1 January 1982 in industry, USSR Goskomtsen in conjunction with USSR ministries and departments elaborated, published and mailed manuals on changes in wholesale prices to be taken into account in the calculation of proceeds and expenditures in connection with the introduction of new prices: "Products of the Fuel and Energy Branches of Industry," "Products of the Chemical and Petrochemical Industry," "Products of the Building Materials Industry (Part I and II)," "Products of the Timber, Pulp-Paper Industry and Packaging," "Products of the Ferrous and Nonferrous Metallurgical Industry," "Machine Building Products" (parts I, II, III and IV), "Products of the Light and Food Industry and Consumer Durables," and "Products, the Prices of Which are Ratified by Ministries and Departments."

Price Discipline, Sanctions, Quality Markups

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 81 p 7

[Article]

[Text]

Checks on Price Discipline

A check conducted by finance organs in Arkhangel'skaya Mechanized Column No 20 of the "Zapsel'elektroset'stroy" Trust of USSR Minergo [USSR Ministry of Power and Electrification] on commodity prices revealed that an illegal surcharge of 20-35 and in some cases more than 100 percent was being imposed in excess of wholesale prices (the surcharge was allegedly to defray shipping and procurement costs) on surplus lumber, bolts, cable, iron, etc. to other enterprises and organizations.

In the sale of transformers to sovkhoses and kolkhoses (that are customers for construction and installation work) and other materials to contractors and subcontractors, Mechanized Column No 20 applied a 20-35 percent shipping-procurement surcharge to wholesale prices instead of the 7 percent authorized by USSR Goskomtsen.

The violation of price discipline resulted in 74,100 rubles in overcharges to customers.

After examining the findings of the checks, the USSR State Committee on Prices ordered that sums realized by Arkhangel'skaya Mechanized Column No 20 of the "Zapsel'elektroset'stroy" Trust of USSR Minergo in violation of price discipline be paid to the budget. This sum cannot be counted toward the enterprise's fulfillment of the profit plan.

Economic Sanctions

The RSFSR Ministry of Trade and the Belorussian SSR Ministry of Trade report that some products that are classified as higher quality, new consumer goods are produced with deviations from the quality of the ratified models and standards.

Violations were committed by the Uryupinskaya Knitwear Mill, the Tallinskoye "Marat" PTO, the Leningrad "Krasnoye znamya" PTO, the Pinskiy Knitted Outerwear Combine imeni 60-letiya Velikogo Oktyabrya, the Yerevanskiy Knitted Goods Combine, the Tashkentskoye "Malika" PTO, the Rostovskaya-na-Donu Footwear Factory, the

Shakhtinskoye Footwear Production Association, the Leningrad "Skorokhod" Footwear Production Association, the Minskoye "Luch" Footwear Production Association and other enterprises that have produced goods in violation of the ratified models.

USSR Goskomtsen rescinded temporary prices ahead of schedule, including markups for improved quality, for products produced in violation of the established procedure.

Markup for Quality

The TO-6A general-purpose single-bucket front loader (produced by the Orlovskiy Loader Plant) is designed to handle friable and particulate materials and to perform excavation work. The loader is an updated version of the TO-6 model and has the following improvements over the latter: an 11 percent increase in lifting capacity, load height is increased to 2.7 meters thereby making it possible to load large trucks; and the service life before major overhaul has been increased from 6200 to 6500 hours.

In connection with the awarding of the state Quality Emblem to the TO-6A loader, an incentive markup of 6 percent was established in excess of the wholesale price on the basis of the economic effect resulting from its use.

Goskomtsen Sitting, Incentive Markups

Moscow EKONOMICHESKAYA GAZETA in Russian No 15, Apr 81 p 7

[Article]

[Text]

A Sitting of the Committee

An expanded sitting of the USSR State Committee on Prices was held on 31 March 1981. The sitting discussed the tasks of pricing agencies stemming from the decisions of the 26th CPSU Congress. A report on this question was presented by N. T. Glushkov, chairman of USSR Goskomtsen. Participants in the sitting discussed and outlined measures for improving pricing in branches of the national economy as an important instrument of planned management, the enhancement of the stimulating influence of wholesale prices on improving the quality of products, the acceleration of the development of new, highly effective and replacement of obsolete technology, the more rational use of production resources, the lowering of the enterprise cost of production, the strengthening of state price discipline, the consistent implementation of a policy of securing the stability of state retail prices on basic food and nonfood commodities as envisaged in the Basic Directions of Economic and Social Development of the USSR in 1981-1985 and the Period Up to 1990, ratified by the 26th CPSU Congress.

Incentive Markups

USSR Goskomtsen ratified incentive markups in wholesale prices on highly effective crushers produced by the Kusinskiy Machine Building Plant and the Tol'yattinskiy "Volgotsemash" Plant.

The DO-1 single-roll crusher prepares fuel of a given size in small industrial heating boiler installations and increases productivity threefold compared with the base. At the same time, the material-intensiveness of the new crusher is 60 percent lower per unit of productivity. An incentive markup of 20 percent has been assigned to the crusher.

SMD-117 jaw crusher is used to crush granites, basalts, quartzes and other rock. Unlike the crusher it replaces, the SMD-117 has a hydraulic mechanism for regulating the width of the output slit and its main shaft has a higher rotation rate. Its productivity is 9 percent higher. The crusher's reliability and service life is 25 percent higher. An incentive markup of 8 percent has been assigned to it.

Pricing Procedures, Economic Sanctions

Moscow EKONOMICHESKAYA GAZETA in Russian No 16, Apr 81 p 7

[Article]

Text]

Pricing Procedures

In the interest of uniformity in the establishment of tentative prices on the products of new mineral deposits in accordance with the Temporary Standard Methods for the Economic Evaluation of Deposits of Useful Minerals ratified by GKNT [the State Committee for Science and Technology] on 28 November 1979 (No. 556/739), USSR Goskomtsen adopted the decision to be guided by wholesale prices, and in special cases when the level of these prices is insufficient, and the need to develop new deposits is envisaged in long range plans--to be guided by the maximum permissible costs of useful minerals for the economic evaluation of deposits.

In order to coordinate wholesale prices on useful minerals from new deposits that are not part of existing price zones and regions with the level of wholesale prices to be introduced on 1 January 1982, deviations from this level are permitted only in connection with differences in the quality and distance of mineral shipments, the general plan for the development of the branch and with due regard to transport potential.

Economic Sanctions

A check conducted at the Uzlovskiy Machine Building Plant of the "Kran" Production Association of Mintyazhmash revealed that the plant had sold mowers in violation of price codes.

The plant exceeded the norms of profitability in the process of fixing wholesale prices on prototypes that are sold to the customer. The excess of actual profitability over normative profitability was not paid into the state budget. The plant also sold spare parts for unratified prices and no adjustment was made after the ratification of the prices.

As a result of the violation of price discipline, the plant received 703,000 rubles in additional profit. USSR Goskomtsen examined the results of the check and ordered that the given sum be paid into the budget. In accordance with the existing procedure, the sum paid into the budget is not counted toward the enterprise's sales and profit quota.

Water Rates, Incentive Markups

Moscow EKONOMICHESKAYA GAZETA No 17, Apr 81 p 7

[Article]

[Text]

Water Rates

By way of fulfilling the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of Work," USSR Goskomtsen ratified rates on water supplied to industrial enterprises from water management systems. Rates are put into effect as of 1 January 1982.

The rates take into account state expenditures on the study, evaluation and conservation of water resources, operating costs and the average profitability norm.

Outlays of industrial enterprises on water supplied within the limit are applied to the enterprise cost of production. The use of water in excess of the limit is charged at a fivefold rate and costs are charged against the actual enterprise cost of production.

Industrial enterprises pay the state budget for water from water management systems.

Incentive Markups

The ESh-20/90 excavator has a 20 m³ shovel and a 90 meter boom. It is produced by the "Uralmash" Plant and is used for overburden operations.

The new excavator increases productivity by 33 percent while matching the excavation cycle and working speeds of its predecessor.

A six percent incentive markup was incorporated in the wholesale price in connection with the classification of ESh-20/90 excavator in the category of products that are on a par with the best domestic and foreign models. At the same time, the cost per unit of productivity declined by seven percent.

The GTT-3M gas turbine produced by the Khabarovsk Power Machine Building Plant has for the second time been awarded the state Quality Emblem and its service life between major overhauls has been increased from 25 to 30 thousand hours. The effective period of the incentive markup has been extended in the same amount for the period of the state Quality Emblem.

KV-GM-20 and KV-GM-30 water-heating boilers produced by the Dorogubuzhskiy Boiler Plant were also awarded the state Quality Emblem for the second time even though there was no change in their technical and economic indicators in the second certification. The effective period of incentive markups and the size of the markups were cut in half.

Fixed Payments

Moscow EKONOMICHESKAYA GAZETA in Russian No 19, May 81 p 8

[Article]

[Text]

On Fixed Payments

In connection with the introduction of new wholesale prices and rates in industry on 1 January 1982, USSR Goskomtsen ratified fixed (rent) payments on gas, gas condensate and oil.

In the interest of securing the stability of wholesale prices on the given types of products and ensuring the cost accounting activity of most enterprises, prices were based not on the average branch costs but rather on the enterprise cost of production of enterprises operating under marginal mining and geological conditions.

As a result, the average general profitability significantly exceeds the norm (13 percent of the value of the capital) and comprises 20 percent and in the case of individual associations ranges from 1.5 percent ("Sakhalinmorneftegazprom") to 30 percent ("Kaliningradmorneftegazprom").

In order to equalize the profitability of associations operating under more favorable conditions, fixed (rent) payments are introduced, i. e., all profit in excess of 13 percent of capital is to be paid into the budget on 1 January 1982 in the form of fixed (rent) payments that are paid to the budget on the basis of the "Instructions on the Procedure for Making Fixed Payments to the Budget" in the form of fixed rates per ton or 1000 cubic meters of natural gas, petroleum and gas condensate sold.

The average rate on natural gas will be 1.37 rubles per thousand cubic meters and on oil--0.98 rubles per ton.

Higher rates are planned for new oil fields with relatively lower costs and low capital-intensiveness ("Orenburggazprom," "Tyumengazprom").

Markups for Quality

The DYE-16-14gm boiler produced by the Biyskiy Boiler Plant operates on liquid and gas fuels and produces saturated and superheated steam. Compared with the boiler it replaces (DYE-25), the new boiler is more efficient (89 percent instead of 86 percent), at the same time that the enterprise cost of production per square meter of heating surface is 5 percent lower and the enterprise cost of production per ton of weight is 3 percent lower. In recognition of the classification of the new boiler among the best domestic and foreign models, an incentive markup of 1900 rubles has been included in the wholesale price (11,600 rubles).

The ETR-125A excavator manufactured by the Mozyrskiy Reclamation Machinery Plant of Minstroydormash [Ministry of Construction, Road and Municipal Machine Building] digs drainage canals in peat and mineral soil. Compared with the KFN-1200A ditch digger which it replaces, the excavator increases productivity by 25 percent by increasing digging depth from 1.2 to 1.4 meters (while preserving the same operating speeds) and increases the period before the first major overhaul by 36 percent. The excavator is classified as being on a par with the best domestic and foreign models. A markup of 350 rubles is added to the wholesale price.

Economies, Quality Markups

Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 81 p 8

[Article]

[Text]

Economies of Labor and Material Resources

In a letter (No 10-17/1920) dated 5 May 1981, USSR Goskomtsen established the procedure for determining wholesale prices on new machine building products earmarked for use in production, which in their technical and economic parameters and quality are equal or superior to the products they replace, which are produced by more productive methods, which are less material-intensive and which accordingly have a lower enterprise cost of production. The new procedure is intended to motivate production associations (enterprises) to conserve labor and material resources.

In accordance with this procedure:

--wholesale prices on new products with lower material-intensiveness (labor-intensiveness) are established with due regard to the preservation of the volume of profit realized from the sale of the products replaced but no lower than the profitability norm;

--in the determination of incentive markups in wholesale prices on new products whose parameters are on a par with the best domestic and foreign models (recommended or certified in the highest quality category), up to 50 percent of the saving resulting from the lowering of material and labor expenditures in the production of these products is added to the markup that is computed in accordance with the Instructions on the Procedure for Establishing Incentive Markups in Wholesale Prices on New, Highly Effective Producer Goods and Discounts of Wholesale Prices on Products in the Second Quality Category and on Products That Are Not Certified on Schedule (ratified by Decree No 752 of USSR Goskomtsen dated 27 November 1979). The incentive markup, which is determined as the sum of markups for effectiveness and quality (state Quality Emblem) and the saving resulting from the lowering of material and labor expenditures in the manufacturing process may not exceed 1.25 of the profitability norm used to determine prices for a given or analogous group of products;

--wholesale prices on new products in the top quality category with lower material-intensiveness (labor-intensiveness) include additional profit in the amount of 50 percent of the saving resulting from the lowering of material and labor expenditures;

--the wholesale price including the incentive markup on new products whose technical and economic parameters are equal to the base, previously produced (replaced) products may not exceed the wholesale price of these base products.

Examples of the calculation of wholesale prices are cited in the appendix to the letter.

The letter has been sent to USSR ministries and departments and to goskomtsens in union republics.

The present letter supersedes Letter No 10-75/201 of USSR Goskomtsen (dated 25 January 1978) "On Improving the Practice of Determining Wholesale Prices on New Machine Building Products Earmarked for Use in Production."

Markup for Quality

LG-250M and LM-250M conveyor-type bucket elevators manufactured by the "Kargormash" Production Association are more productive than their analogue (elevator LG/1/-250) by 12 percent and have a 50 percent longer service life before major overhaul. At the same time, modifications have been made in the design of the new elevator in order to improve operating conditions. On the basis of the calculation of the economic effectiveness of the new elevators, 10 percent markups have been incorporated in the wholesale prices.

Fixed Payments, Incentive Markups

Moscow EKONOMICHESKAYA GAZETA in Russian No 22, May 81 p 7

[Article]

[Text]

Fixed Payments

In connection with the introduction of new wholesale prices and rates in industry on 1 January 1982, USSR Goskomtsen ratified fixed (rent) payments on oil with the consent of the USSR Ministry of Finance and the Ministry of the Petroleum Industry.

As is known, as a result of objective factors (the dimensions and period of operation of a deposit, the depth and conditions of occurrence, thickness of the deposit), significant differences arise in the cost of oil extraction by enterprises in the raw material branches of industry including the oil extraction industry. In the construction of zonal wholesale prices on oil, the calculations were based on the costs of enterprises operating under the relatively worst production conditions thereby leading to sharp fluctuations in profitability from one association to another.

In the interest of equalizing the profitability of extracting oil in the various associations, fixed (rent) payments (6.95 rubles per ton of oil) have been ratified.

The rates are differentiated according to oil extracting associations.

In the ratified rates of the fixed (rent) payments, payments for capital were set at six percent in order to form economic incentive funds, pay interest on loans, and to use some of the profits for various planned needs.

Incentive Markups

KSD-3000T and KMD-3000T cone crushers with a cone diameter of 3000 millimeters are manufactured by the "Uralsmash" Association which belongs to the Ministry of Heavy and Transport Machine Building. The crushers are designed to crush ore and nonmetallic rock into medium and small size particles. The crushers are used at mining and ore dressing enterprises with large unit capacity where the use of crushers with a cone diameter of 2200 millimeters complicates transport communications and design-component decisions in the crushing process and consequently increases capital construction costs.

In terms of the basic technological indicator--productivity--one 3000 millimeter crusher takes the place of two 2200 millimeter crushers. The improvements in the design of the new machines include the mechanized unloading of noncrushed bodies, additional hydraulic mechanisms facilitating the assembly of the drive shaft and the disassembly of the crushers.

As a result of the classification of the new crushers under the heading of products whose parameters and indicators are on a par with the best foreign and domestic models, markups of 13,800 and 14,000 rubles are added to the wholesale prices.

Price Lists, Cash Refunds

Moscow EKONOMICHESKAYA GAZETA in Russian No 23, Jun 81 p 7

[Article]

[Text]

Information on Price Lists

The USSR State Committee on Prices reports that all lists of wholesale prices and rates in industry that will take effect on 1 January 1982 in accordance with decisions to improve the economic mechanism have been elaborated, ratified, published and mailed to ministries, departments, enterprises and organizations.

Net output norms for products of industrial branches that will be converted to the (normative) net output indicator in the planning of industrial production starting 1 January 1982 have also been published and mailed.

The goskomtsens of union and autonomous republics, ministries and departments, price divisions of councils of ministers of ASSRs, executive committees, kray, oblast and city (cities of republic subordination) Soviets of People's Deputies have established reference and information services from which enterprises and organizations can obtain all information on new wholesale prices and rates in industry which will become effective on 1 January 1982. The All-Union Price List Center (address: 103012, Moscow, K-12, ul. Razina, dom 3, pomeshchenie 66, OFP NII tsen) can also provide information on existing price lists and supplemental price lists, on the level of wholesale prices and rates that will become effective on 1 January 1982.

Cash Refunds

In the course of monitoring the observance of state price discipline, the USSR Goskomtsen and goskomtsens of union republics and their local organs bring to light instances of incorrect settlement of accounts between procurement, sales and other state, cooperative and social enterprises (organizations) and kolkhozes and sovkhoses.

In response to complaints, USSR Goskomtsen (in Letter No 10-17/2053 dated 13 May 1981) explained that all funds illegally obtained by enterprises (organizations) in violation of the existing procedure for ratifying or applying prices and rates in the settlement of accounts with kolkhozes and sovkhoses must be refunded to these farms.

The given funds are refunded to kolkhozes and sovkhoses on the basis of decisions based on audits of the application and establishment of prices by state committees of union and autonomous republics on prices, by price divisions of councils of ministers of ASSRs, executive committees of kray, oblast and city (cities of republic subordination) Soviets of People's Deputies.

The decisions indicate the size of the sum to be refunded and the date by which the refund is to be made.

Limit Prices, Fixed Payments

Moscow EKONOMICHESKAYA GAZETA in Russian No 26, Jun 81 p 7.

[Article]

[Text]

Limit Prices

With the aim of further strengthening the role of wholesale prices in the economic stimulation of production and in the use of new equipment, the strictest economy of raw materials and supplies in its manufacture and operation, the USSR Goskomtsen directed that starting 1 July 1981 limit prices be registered on excavators and bulldozers including those produced on the basis of one-time orders.

In accordance with the "Instructions on the Procedure for the Coordinated Elaboration, Ratification and Introduction of Technical Specifications and Prices on Machine Building Products Earmarked for Use in Production" (RDI 79-76), amendments have been made in the List of Products, Limit Prices on Which Must Be Registered With USSR Goskomtsen (Appendix No 2).

It was also ordered that as of 1 January 1982 all wholesale prices on excavators and bulldozers, including those manufactured in response to one-time orders be ratified by the USSR State Committee.

Appropriate subdivisions of ministries must under the established procedure register with USSR Goskomtsen limit prices on excavators and bulldozers in the conceptual phase and must submit wholesale prices for ratification 2 months before serial production is scheduled to begin.

Fixed Payments

USSR Goskomtsen ratified fixed (rent) payments to the budget for chrysotilic asbestos.

The average branch enterprise cost of production was taken as the base for calculating new wholesale prices on asbestos that will become effective on 1 January 1982. The result is a sharp increase in the profitability of production of asbestos at the "Uralasbest" combine: in the new prices profit will represent 24 percent of the value of productive capital instead of the normal level of 15 percent.

The fixed payments established for the purpose of equalizing the enterprise's profits comprise 46 rubles per ton of asbestos in the form of ore.

Changes in Belorussian Prices

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 1, Jan 81 pp 16-17

[Article]

[Text]

Wholesale Prices on Products Made from Waste Materials

In order to stimulate the production of consumer and producer goods from production waste, BSSR Goskomtsen ordered that wholesale prices scheduled for revision and introduction on 1 January 1982 increase profitability to 10 points compared with ratified norms on similar goods made from premium grade raw materials. The higher profitability norms will be applied depending on the significance of the products made from waste materials and on existing levels of retail and wholesale prices on analagous products made from primary raw materials.

Markups for Quality

Incentive markups have been ratified in wholesale prices on new, highly effective starting and regulating devices that limit and stabilize the current of luminescent lamps. The devices stabilize the current of one 40 watt luminescent lamp and two 20 watt luminescent lamps with an especially low noise level.

New Wholesale Prices

New wholesale prices were established on peat products and clay bricks. They were raised by an average 21.5 percent on peat products and by 49.5 percent on bricks. This measure eliminates unprofitable production and creates conditions for the normal cost accounting activity of associations and enterprises. Thus, under the new prices the profitability of peat production will be almost 22 percent of total enterprise cost of production (under the present prices, the rate of unprofitable operation is 14.1 percent). The profitability of brick will be 23.4 percent of total enterprise cost of production compared with the present loss rate of 10.5 percent.

The new wholesale prices will take effect on 1 January 1982.

The Reduction of Wholesale Prices

New price lists have been ratified. Wholesale prices are being lowered: 6.1 percent on chemical products; 14.4 percent on cinematographic equipment; 5.7 percent on porcelain-faience products; 6.1 percent on learning aids, instruments and laboratory equipment; and 1.1 percent on food concentrates. The new wholesale prices will become effective on 1 January 1982.

On Price Discipline

Gross violations of state price discipline by the Dobrushskiy Porcelain Plant of the BSSR Ministry of Light Industry were ascertained. In violation of GOST 15602-73, the plant produced and sold more than half of all its output without ratified models and standards. As a result, the plant was able to sell products in the lowest groups for prices of higher groups. Moreover, it did not discount the wholesale prices it charged long-distance customers who picked up merchandise from the plant warehouse using their own trucks.

Notwithstanding repeated complaints to the plant, the quality of porcelain ware delivered to the trade network remained at a low level.

The findings of the check were examined at a sitting of the collegium of BSSR Goskomtsen. The plant was ordered to pay 22,200 rubles obtained from the charging of unduly high prices to the state budget.

The Recission of Temporary Prices

Temporary wholesale and retail prices on improved footwear of higher quality by the Minsk "Luch" Footwear Production Association have been rescinded ahead of schedule. The reason was that this footwear was produced with production flaws, with deviations from ratified standards and models.

The "Luch" Production Association realized 158,600 rubles from temporary markups in permanent prices. BSSR Goskomtsen ordered that this sum be paid to the state budget.

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Changes in Belorussian Prices Continued

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 2, Feb. 81, pp. 37-39

[Article]

[Text]

Discounts of Wholesale Prices

The decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism prescribes that in the case of producer goods in the second quality category and goods that are not certified within the specified period, the wholesale prices be discounted 50 percent of the profit received from the sale of these goods. If an enterprise continues to produce such goods after

the expiration of the specified period, the discount should embrace total profits. All discount proceeds are paid into the state budget. They are calculated and paid into the budget by associations and enterprises. Managers, chiefs of economic planning subdivisions and chief bookkeepers of enterprises are responsible for seeing to it that these operations are performed correctly and on time.

As checks show, Vitebskaya Oblast is not using this economic lever to improve the quality of production; a tool and cutter grinding machine plant, the Machine Tool Building Plant imeni S. M. Kirov, the "Vitebskdrev" Association and others are turning out tens of millions of rubles' worth of products that are not certified in the specified period of time or that are certified in the second quality category. Nonetheless they do not pay the appropriate sums to the budget.

In this regard, BSSR Goskomtsen reminds ministries (departments), associations and enterprises that the nonpayment or late payment of discount proceeds to the budget are viewed as violations of price discipline and that finance organs are entitled to collect these sums and to pay them into the budget based on the decisions of pricing agencies. A 0.05 percent penalty is also charged for every day of default starting with the day following the due date and ending with the day of payment.

New Instructions Adopted

The instructions articulate the procedure by which enterprise managers ratify retail prices on new folk craft products and souvenirs. The instructions stipulate that these prices must be coordinated with the appropriate regional wholesale depots of "Galantereya" based on originality, quality and other consumer properties, the planned enterprise cost of production of a product, the planned enterprise profitability, the existing level of turnover tax and the magnitude of trade discounts.

Price lists on new products must be submitted within five days of their ratification to trade organizations and to the price division of an oblispolkom (in Minsky--to the price division of the gorispolkom).

The instructions contain a list of products for which technical and normative documentation and retail prices are ratified by managers of manufacturing enterprises.

On the Procedure for Establishing Contract Prices

Economic practice envisages the application of contract prices to the initial experimental lots of goods and to high fashion items. A procedure has been developed for establishing such prices. They may be assigned to initially produced high quality goods with new consumer properties. Contract prices are envisaged in agreements concluded between the wholesale organizations of ministries of trade of union republics and industrial associations (enterprises) and are recorded in agreements according to the prescribed form.

The initial experimental lots of goods and high fashion products to which retail contract prices are assigned must not exceed the following volume (in retail prices):

--50,000 rubles in the case of lots of goods with a unit price under 10 rubles;

--100,000 rubles in the case of lots of goods with a retail unit price ranging from 10.01 rubles to 100 rubles;

--150,000 in the case of lots of goods with a retail unit price ranging between 100.01 rubles and 500 rubles; and

--300,000 rubles in the case of lots of goods with a retail unit price exceeding 500 rubles.

Products Bearing the Olympic Symbol

The organization committee of the 1980 Olympic Games extended the period of manufacture of products bearing the Olympic symbol to 31 December 1981.

Permanent retail prices will continue to be applied to products bearing the Olympic symbol, the production of which is continuing, together with differentiated markups specified in instructions issued by USSR Goskomtsen.

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The New Price Lists

Moscow MATERIAL'NO-TEKHNICHESKOYE SNABZHENIYE in Russian No 10, Oct 80 pp 23-25

[Article by A. Onishchenko, deputy chief, Planning and Finance Administration, USSR Gossnab; and M. Bass, chief of department, Economic Administration:
"Based on the New Price Lists"]

[Text] Prices and rates on various types of industrial products are presently undergoing revision. The new wholesale prices will take effect on January 1982. The need to revise wholesale prices and rates stemmed first and foremost from the fact that the existing wholesale prices and rates that formed in industry as far back as 1967 are now largely obsolete, do not reflect the changes that are taking place in the structure of production and distribution of the productive forces, and do not correspond the current conditions of production and marketing conditions. The improvement of the economic mechanism demands that wholesale prices be brought into line with socially necessary expenditures on production and with new conditions of organization of cost accounting and incentives. Prices form the basis of various value indicators starting with general national economic indicators (social product, national income, branch volume and proportions) and ending with indicators of the economic activity of associations, enterprises and organizations that characterize dimensions, expenditure, enterprise cost of production and profits of production.

Thus all value indicators used in the planning and evaluation of national economic activity are based on the system of prices. This is why the more complete realization of the potential inherent in the economic nature of prices requires their continuous improvement with due regard to the changing conditions of economic development and the demands of the party's economic policy in various stages of communist construction. The new wholesale prices and rates will economically motivate associations and enterprises to increase the effectiveness of production and improve the quality of their output, to make rational use of labor, material and natural resources, and to reduce expenditures per unit of useful effect.

Flexibility in the new prices is attained through the broad use of markups and discounts. Incentive markups in wholesale prices on new types of highly effective producer goods are established in the amount of 0.5-1.25 norms of profitability for a period of 1 year and in the case of especially complex products--up to 2 years. If during this period, the state Quality Emblem is awarded to a product, the markup is extended to 4 years and for especially complex products--to 5 years.

A wholesale price discount in the sum of 50 percent of the profit is instituted for products in the second quality category and for products not certified under the established procedure. Upon expiration of the deadline for taking second quality category products out of production, the wholesale price discount will account for the total sum of profits.

When prices are stable for the effective period of a five-year plan, some enterprises may enjoy excessively high profitability of production. For this reason, the USSR State Committee on Prices--with the consent of USSR Gosplan and the USSR Ministry of Finance--is authorized to establish new wholesale prices on individual types of products for the manufactures only. Customers will continue to pay the prices that existed at the beginning of the plan period.

In the development of the new price lists, much attention is devoted to wholesale prices on coal and on other types of fuel resources that are greatly influenced by natural and transport factors. To a considerable degree, prices on the production of progressive metal products will promote the expansion of the production of progressive and economical types of rolled ferrous metals. The draft price lists are intended to stimulate the production and consumption of the most effective types of rolled metals. The new prices take into account the target of lowering the enterprise cost of production on the basis of the utilization of advances in science and technology, the improvement of production and management, the growth of labor productivity, the strictest economy of fuel-energy and other material resources, and the optimal use of fixed and working productive capital.

A USSR Gossnab order made the preparation of data on the distribution of producer goods in 1982 the responsibility of soyuzglavnabsbyty. Gossnaby, goskomnefteprodukty and glavneftesnabsbyty of union republics, main territorial administrations, and soyuzglavkomplekty must develop materials on the distribution of products transferred (allocated) to them for distribution including products to be realized on a decentralized basis and products to be sold through the wholesale trade network. At the same time, special attention should be focused on the precise completion of documents on the distribution of products among union republics, ministries and departments of the USSR in order to ensure the uniformity of completion of these documents at all levels and to create conditions permitting the proper processing of the necessary materials by computer.

The Main Computer Center of USSR Gossnab will have to do a great deal of work in order to prepare summary data on the distribution of products within the specified time limits. It has the responsibility of processing by computer all materials on the distribution of products in 1982 and of supplying summary data on the union republics and on USSR ministries and departments.

Agencies of USSR Gossnab will have to determine markups and discounts for supply, sales and integrated-supply organizations. These markups will be introduced simultaneously with new wholesale prices on 1 January 1982. It will be necessary to develop wholesale prices on products handled by enterprises belonging to USSR Gossnab. Soyuzglavnabsbyty must calculate transport costs that are to be included in the wholesale prices. This concerns products bearing f.o.b. station of consignee prices which are used in accounts involving supply and sales organizations.

Markups and discounts applied by supply and sales organizations occupy an important place in the system of economic levers and are the basic source from which income and profit are formed. The quality of markups and discounts determines the degree to which they affect the realization of the major task of material-technical supply: the planned supply of resources to the customer at the lowest cost.

The existing system of markups and discounts has not been revised since 1975. During this time, there have been certain changes in the conditions of marketing of industrial products and in their distribution in various regions of the nation. Supply and sales associations have been created within the USSR Gosplan system. The practice of concluding agreements on the basis of direct long-term relations is being expanded and the guaranteed integrated supply of customers is being developed. A progressive system for supplying construction sites through USSR Gosplan organs is being put into operation. The system operates on the basis of orders submitted by construction organizations in accordance with the requirements specified in plans and estimates. The eastern and northern regions of the country account for an ever increasing share in total sales volume. The conversion of supply and sales organizations to cost accounting operation is now complete.

All these changes have not been fully reflected in the magnitude of the markups and discounts. Therefore the time has come to revise the system of markups in the realm of material-technical supply and to bring it closer to socially necessary expenditures. More consideration must be given to the conditions of marketing products in the Eleventh Five-Year Plan and beyond and on this basis it is essential to outline avenues of future improvement of the methodology used in determining markups and discounts.

USSR Gosplan predominantly employs markups that are averaged in percent of the wholesale prices of products. Such an approach to the formation of markups does not entirely resolve the problem of improving material-technical supply. The fact of the matter is that the level of prices in industry exerts a substantial influence on the economic performance of supply and sales organizations. The income received from such markups depends directly on the prices of goods sold and does not reflect differences in the marketing costs of various groups of products.

Markups differentiated by groups of products in rubles per physical unit of measurement correspond to improvements in the branch economic mechanism, to the enhancement of the effectiveness and quality of the work of supply and sales organizations. The broad application of such markups would eliminate the influence of the value of goods on the results of the activity of supply and sales organizations. Enterprises responsible for delivering products would be interested in reducing wholesale prices since this reduction would result in the lowering of the volume of own working capital, in the raising of the level of profitability, and in the strengthening of cost accounting in the branch.

Markups based on physical units of products should be developed for ferrous and nonferrous metals, for paper and lumber products, for cement, coal and liquid chemical products. At the same time, products should be distributed in groups that include items with practically the same labor-intensiveness (cost-intensiveness). Thus it would be preferable to distribute ferrous metals in three markup groups: rolled ferrous metals, pipe, and industrial and consumer metalware. Branch marketing norms should be developed for basic groups of commodities. Otherwise it will be impossible to provide scientifically substantiated markups.

Prices on services based on socially necessary expenditures of labor in the branch irrespective of the individual marketing costs of supply and sales organizations make it possible to compare the expenditures and results of economic activity of enterprises and organizations. These conditions are promoted to the maximum when markups are formed in percent of the value of products in various groups and when markups are formed according to the physical unit of output based on average, adjusted marketing costs for various groups of supply and sales organizations (territorial organs) with slight differences in the cost-intensiveness of similar types and groups of products. Studies have revealed the fundamental possibility of planning markups on the basis of territorial marketing costs.

The improvement of the relationship between supply-sales organizations and customers in the settlement of accounts involving centralized deliveries of products is a serious question. The existing practice (the practice of charging the customer for actual shipping costs) is complex and laborious. It leads to unnecessary costs and the transfer of funds from customers to transport organizations. The fact of the matter is that today the supply-sales organizations are not motivated to economize on shipping costs in centralized shipments to customers. This contradicts the principles of cost accounting.

One effective way of improving the settlement of accounts is to secure the direct economic motivation of supply-sales organizations to increase the efficiency and reduce the cost of work in all aspects of centralized deliveries of products to the customers. This stimulating mechanism may take the form of the f.o.b. customer's warehouse markup or independent transport surcharges on warehouse markups for centralized deliveries of goods to customers. The system for settling accounts must be constructed in such a way that the saving in shipping costs would be reflected in the performance (profits and hence incentive funds as well) of supply and sales organizations.

The NIIMS is presently working on warehouse markups (f.o.b. customer's warehouse) in the "Mosgormetallosnabsyt" Association. These markups are scheduled to be put into operation on an experimental basis on 1 January 1982.

The decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism confronts USSR Gossnab with a number of important tasks. It will be necessary to complete the conversion of production associations and enterprises to direct long-term economic relations, to develop guaranteed integrated supply on the basis of contracts, and to supply construction projects in accordance with their requirement as specified in plans and estimates.

In the past, when the scale of this activity was relatively small, this did not lead to serious difficulties in the fulfillment of plan targets with regard to profits and income. Under the 11th Five-Year Plan, the introduction of progressive forms of supply will be expanded considerably. This will promote considerable increases in expenditures in the territorial organs of USSR Gossnab. Starting 1 January 1982, surcharges will be added to warehouse markups on products delivered to construction and installation organizations on an integrated supply basis in accordance with their requirement which is determined by plans and estimates. It is also planned to add surcharges to warehouse markups and to establish markups on transit deliveries given the guaranteed integrated supply of customers on the basis of concluded agreements. Thus, pricing in material-technical supply is

directed toward raising the stimulating role of prices still further in the expansion of progressive forms of supply.

Markups and discounts applied by supply and sales organizations should cover marketing costs and provide each individual enterprise as well as the branch as a whole with a profit. In this regard it will be necessary to elaborate a branch profitability norm (a ratio of profits to marketing costs). In the process of determining this norm, it will be necessary to consider the system's requirement for profit to be used in the financing of capital investment, in forming economic incentive funds, in ensuring the increase in the norm governing own working capital, in covering losses resulting from the operation of housing and municipal services, in paying the interest on bank loans, and in defraying other costs from profits in accordance with the law. The branch profitability norm must ensure a profit that will be necessary to convert the USSR Gosplan system to cost accounting methods.

The Planning and Finance Administration and NIIMS have the responsibility of analyzing existing practices in the planning of prices on additional services and of developing proposals for their further improvement. These recommendations must be reflected in the Guidelines on Determining Prices on Production Services developed by NIIMS.

The introduction of the normative net output indicator in material-technical supply requires thorough, painstaking preparation.

The improvement of the economic mechanism and the strengthening of the influence of prices and other economic factors on the introduction of progressive forms and methods of supply will promote improvements in the work of the USSR Gosplan system and the quality performance of the tasks confronting it.

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INVESTMENT, PRICES, BUDGET AND FINANCE

NEED FOR BETTER LONG-RANGE FINANCIAL PLANNING EMPHASIZED

Moscow FINANSY SSSR in Russian No 7, Jul 81 pp 30-33

[Article by V. G. Panskov: "Consolidated Long-Range Financial Planning"]

[Text] One of the most important conditions for realization of the party's plans to develop production, increase its efficiency and improve work quality is the increase in the role of planning as a central link in administration of the national economy, its transformation into a continuous dynamic process, and the greater scientific validity and balance of plans. A significant place in the measures outlined by the 26th CPSU Congress to improve planning is assigned to financial planning.

It is an important, complex problem. For its successful solution it is necessary to continuously expand the limits of planning, reinforcing the significance of long-range—especially five-year—plans, and to improve their balance and stability.

V. I. Lenin devoted serious attention to the financial expression of national economic plan indicators, examining current as well as long-range problems in planning the national economy in an organic relationship with financial plans. In particular, when our country's first long-range plan—GOELRO [State Commission for the Electrification of Russia]—was drawn up at the instructions of V. I. Lenin, financial calculations were made of the production program stipulated which ensured as a result the "material and financial (in gold rubles) balance of electrification." *

It should be noted that the state's consolidated financial balance, drafted by the Gosplan together with the USSR Ministry of Finance, is utilized for a protracted period of time in the process of working out long-range economic and social development plans. It helps to determine the country's long-term financial program in conformity with the party's main economic tasks for the five-year plan and the long term, and ways and means of mobilizing the necessary financial resources and measures which promote greater balance and mutual coordination of economic and social development plans, and the specific channeling of capital.

* V. I. Lenin, "Polnoye Sobraniye Sochineniy" [Complete Works], Vol 42, p 341.

In recent years much has been done to further improve the ways and means of long-range financial planning, which has made it possible to raise it to a new stage and bring it into conformity with the increased scope of economic and cultural construction.

Beginning with the 11th Five-Year Plan, the role of a consolidated financial balance in long-range planning is being increased substantially.

In accordance with Decree No 695, in putting together the five-year economic and social development plan for the country, a five-year (broken down by years) consolidated financial balance (SFB) is being drafted and submitted for approval, side by side with the balances of material and labor resources. It is to ensure the provision of financial resources for all expenditures resulting from the state plan, as well as the establishment of financial reserves. This will be an important factor in further improving long-range financial planning.

The five-year consolidated balance is an effective means of establishing agreement of the material and financial proportions, and hence of better balance and internal coordination of the economic and social development plan. All points of the draft of this plan are reinforced by financial resources which guarantee their workability and stability and the necessary rates and proportions of economic development. The SFB increases the role of long-range financial planning in mobilizing internal economic reserves, in more economical and efficient utilization of financial resources, and in the full provision of financial means for the measures planned. This reinforces the stability of the five-year plan as a whole and its role as a central link in the system of national economic planning, and establishes a firm basis for successful formulation and implementation of annual economic and social development plans.

In addition, the SFB contributes to further reinforcement of the control and distributive functions of finances in the process of drawing up and implementing plans.

In conformity with Decree No 695, the USSR Ministry of Finance is to submit to the USSR Gosplan calculations for the SFB and proposals for its balancing, as well as the consolidated calculations (according to basic indicators) of the revenues and expenditures of the budget.

It is necessary to stress that the question does not concern the drafting of a five-year budget, but the long-range planning of the most important indicators for the budget--the turnover tax, revenues and receipts from foreign economic relations, deductions for social insurance, taxes and duties from the population, expenditures for social and cultural measures and science, subsidies and payments from the budget and certain other forms of revenues and expenditures--as component accounting elements for drafting the state's consolidated financial balance for the average-term среднесрочная and long-range future.

However, the question is being posed more and more frequently in the economic literature lately: is it sufficient in long-range financial planning to be confined to formulation of the state's SFB without drafting the future budget? Some economists are directly advocating a five-year budget which, in their opinion, will be the basis for planning long-term finances, contributing to greater validity and balance of the five-year economic and social development plan. *

For the sake of fairness it should be noted that enough attention also is being devoted in the economic literature to problems of the inadvisability of putting together a long-range budget. The fundamental objections of those who oppose a long-range budget are as follows:

the annual budget—the state's operational financial plan—embraces all links in the financial system, and is put together and approved strictly for the correct purposes [po adresam] on the basis of the highest possible, specific calculation of revenue sources and forms of expenditures;

the budget does not take into account all the state's financial resources and for this reason does not give a complete representation of its financial program for the long term;

there is no economic necessity to draft a long-range budget in relation to the formulation and approval of a five-year SFB (broken down by years);

formulation of a long-range budget has been impeded significantly because of ramifications of the budget system and requires a great deal of time;

for the protracted long term it is impossible to take into account all the factors which have an effect on budget indicators (change in wholesale and purchase prices and rates, totals of annual accounts, and so forth). So indicators must be made more precise, which reduces their value; and

the experience in putting together a budget for 2 years (1964–1965) did not produce positive results.

In our view, the point is not the complexities of methodology; these problems are solvable. We can proceed to some increase in the volume of work of planning and financial organs, provided a real economic necessity is sensed in a long-range budget if it will more fully and accurately resolve problems of financial planning.

* See N. Ivanova, "Perspektivnyye razrabotki gosudarstvennogo byudzheta" [Long-Range Drafts of the State Budget], PLANOVYE KHOZYAYSTVO, 1978, No 1; "Gosudarstvennyy byudzhets SSSR" [USSR State Budget], Moscow, FINANSY, 1978, p 331.

As is well known, one of the chief problems in financial planning is the coordination of state revenues and expenditures, better balancing of the economic and social development plan, and unity of material and financial proportions. In the process of financial planning, all the internal economic reserves to increase production and its efficiency and improve work quality should be mobilized, and measures should be stipulated for a stricter regime of economy in the expenditure of material and financial resources. All this can be carried out when the SFB is put together.

The advocates of drafting a long-range budget do not refute this, either. But, in order for the financial plan (whether it is the SFB or the budget) to cope with such problems, it should be drawn up at the same time as the draft of the economic and social development plan, making new variations in the plan more precise. In the course of refining it, measures will be outlined to find additional opportunities for a rapid increase in production volume and improvement in work quality, and economic norms and standards which promote stricter economy and mobilization of financial resources will be worked out. Only then will financial planning begin to have an active influence on the forming of indicators for the draft economic and social development plan. A long-range budget will not cope with this. In fact, in the process of putting it together, coordination of all financial plans and balances is undertaken, and it is practically impossible to put together a large number of variations in the budget as specifically for individual indicators in the draft economic and social development plan as this is done with the SFB.

For this reason, the advocates of a long-range budget acknowledge the opportunity to draft it only after putting together the drafts of the economic and social development plan and the state's consolidated financial plan. "After drawing up a draft of the national economic plan with a breakdown by years and performing analogous calculations for the balance of financial resources which determine the overall limits of the financial program, we should follow the expanded calculations for the budget (except the indicators which already are contained in the balance of financial resources) at the same time and interrelated with calculations of the indicators of other financial balances." *

Under these conditions, a long-range budget can only ascertain disproportions which arise in the draft and the lack of financial balance of the economic and social development plan, but it will not make it possible to take steps to eliminate them.

N. Ivanova, for example, sees a way out after the draft of a long-range budget has been put together by analyzing it, revealing the strain napryazhennost' in it, and then coordinating it with other financial plans. In accordance with results of the analysis, it is suggested that specific proposals be outlined which more precisely define budget expenditures and revenues and which change the physical projections of the plan and the economic mechanism.

* PLANOVoye KHOZYAYSTVO, 1978, No 1, p 100.

But first of all, the strain in the budget (annual or long-range) should be determined not after it has been put together, but in the process of financial planning. This is being done now in the first stage of annual budget planning—when the SFB is put together. Secondly, coordination of budget drafting with the financial plans of sectors of the national economy also is being carried out when the draft budget is being worked out. Namely the budget is put together in accordance with financial plans, but not the opposite. And the most important thing is that the budget always has been built and will be built in the future on the basis of, and in full conformity with, indicators of the economic and social development plan which already have been determined. It is not a coincidence that the draft budget is submitted to the government annually after the draft of the economic and social development plan already has been put together. But advocates of the long-range budget propose that indicators of the national economic plan submitted to the government be made more specific, based on a draft budget which has been put together.

So a long-range budget for 5 years and more, worked out after the draft of the economic and social development plan, will not be able to actively influence the formation of the production plan. It will not resolve this problem in the process of implementing the plan, either. In fact, annual budgets, not a 5-year budget, will be carried out, sharply different from those which were put together when the long-range budget was drafted. But the necessity of making the long-range budget more specific every year is obvious. It objectively stems from more accurate definition of the annual economic and social development plans which, in accordance with Decree No 695, should not be lower than the five-year plan targets established for this year, although they may be higher. Substantial annual refinements in the long-range budget also are brought about by a number of other factors: by a change in the turnover rates (union republics and local authorities have been granted the right to change them); by the use, when annual budgets are approved, of net surpluses from previous years from the budgets of union republics for social and cultural measures, public services and other objectives, which affects thousands of local budgets; by changing the indicators of the budget in relation to consideration of the results of the financial and economic activity of enterprises and organizations for the past year and to a great number of other factors, the effect of which cannot be taken into account in long-range planning.

In our view, improvement in long-range financial planning should be directed at improvement in the methodology and practice of putting together the state SFB (broken down by years), and at further expansion of the limits of long-range financial planning in territorial and sectorial sections [razrezy].

The limits of long-range financial planning are being expanded considerably beginning with the 11th Five-Year Plan. In conformity with the decision made, the gosplans of union republics are working out 5-year consolidated financial balances for union republics (with the allocation of revenues and expenditures by years). This will give a more complete representation of the financial opportunities for the five-year plan of the economy within the jurisdiction of a republic's council of ministers, and the draft economic and social development plans being submitted will have the appropriate financial expression.

At the same time, the long-range SFB's in union republics will help to improve all planning work locally and will serve as an instrument for the efficient mobilization of internal economic reserves.

Under the statute in effect, deductions from national revenues (turnover tax, taxes from the population and other regulating revenues) which are at the disposal of a given union republic are stipulated in the 5-year SFB in the proportion which has been established precisely for it by the Law on the State Budget of the USSR for the year preceding the period being planned.

The SFB of a union republic is put together and submitted by the gosplan. This not only does not exclude, but presupposes the most active participation in its formation by republics' finance ministries.

The finance ministry submits to the republic's gosplan the necessary calculations for individual indicators in the draft of the long-range SFB. At the same time, the financial indicators, strictly based on indicators of the draft economic and social development plan (the profit of industry and certain other sectors, the turnover tax, individual expenditures for social and cultural measures), are determined by the gosplan. For a more accurate and economically valid calculation of them, the finance ministry also submits to the gosplan certain accounting data and norms which were put in calculations of the budget for the year preceding the period being planned. These data, which are not based directly on indicators of the draft economic and social development plan or calculated by the USSR Ministry of Finance, should be put together by the republic's finance ministry and submitted to the gosplan. Relating to such indicators are: profit, an increase in the allowance of internal working capital and the deduction for economic incentive funds for the range of enterprises, organizations and sectors being planned by the finance ministry; revenues from the agricultural tax [*sel'khoznaalog*], the income tax from kolkhozes, cooperatives and public organizations; revenues and expenditures for monetary and article lotteries [*denezhno-veshchevyye loterei*] and the State Internal Loan; duties and non-tax revenues, as well as other revenues of the economy (in accordance with the item "Other Revenues" of the estimated balance of revenues and expenditures) and the budget; expenditures for major repair of budget institutions, municipal public service buildings and motor roads; individual forms of operational expenditures, subsidies and additional payments from the budget; financial losses from ZhKKh [*housing and municipal services*] operation; expenditures for administration; and other expenditures of the economy (in accordance with the item "Other Expenditures" of the estimated balance of revenues and expenditures) and the budget.

The finance ministries of union republics also take an active part in drafting proposals for better balancing of the SFB. Its formation begins from the moment when republic gosplans set about putting together the drafts of five-year economic and social development plans (broken down by years). It is intended that republic finance ministries introduce specific proposals for refinement of individual indicators in these drafts, for mobilization of reserves available in the republic for a more rapid increase in production, labor productivity and profit, reduction of costs and improvement of work quality. I would like to stress that

more than 15 years of experience in putting together the SFB in the USSR Gosplan and the USSR Ministry of Finance has confirmed the necessity of the simultaneous work of both institutions to put together this document. Balancing of the 5-year SFB (with a breakdown by years) is a complicated task and can be resolved only through the joint efforts of the employees of planning and financial organs. First of all, efforts must be directed at finding opportunities to further improve the overall economic indicators of the draft economic and social development plan. Only the active participation of republics' finance ministries is capable of reinforcing the influence of financial organs in the formation of these indicators and in improving their balance.

Definite experience has been accumulated in union republics in drafting annual SFB's, and up to 1967 this was done in the majority of union republics. * There is practically no experience here in putting together a long-range SFB. But after all, this work has its own peculiarities. Many of the problems facing republics are resolved, as a rule, independently and frequently in different ways. In this regard, the USSR Gosplan should have expedited the issuance of systematic directives on putting together long-range consolidated financial balances in union republics.

A serious problem in improving long-range financial planning in republics is expanding its limits. In conformity with accepted methodology, the SFB is being drafted here for the economy within the jurisdiction of the republic's council of ministers. Meanwhile, Decree No 695 stipulates reinforcement of the role of union republics and local organs in the planning and management of the economy, and in coordination of the details of enterprises and organizations of union subordination located in the territory of a republic. In particular, the basic indicators of the plans of these production associations, enterprises and organizations should be included in the state five-year and annual economic and social development plans of the republic cited. So a combination of measures is necessary for more tangible influence of financial planning in republics on the production activity of enterprises and organizations of union subordination and to provide financially for republics' economic and social development.

It appears that certain general principles in formulating republics' long-range SFB's require refinement. As already noted, in forming the planned balance of financial resources for a union republic, payment of the turnover tax and other regulating revenues are stipulated in the proportion of the year preceding the period being planned. For the annual financial plan such a principle with known conditions apparently is acceptable. In long-range financial planning, the problem must be resolved by other methods.

* See Avetisyan, I. A., "Voprosy svodnogo finansovogo planirovaniya v soyuznoy respublike" [Problems of Consolidated Financial Planning in the Union Republic], FINANSY SSSR, 1976, No 5.

The deductions in revenues of union republics from national revenues and taxes are formed every year strictly for each republic individually, taking into account the measures stipulated by the economic and social development plan for developing the national economy in it, expansion of the network of social and cultural institutions, as well as the planned payment of their own revenues. Over the five-year plan in each republic, the rates and proportions of individual sectors of the economy and the pattern of industrial production are changed substantially, and other qualitative changes take place in the economy. This requires that the proportion of deductions from national revenues be increased in some years and reduced in other years.

According to available data, for example, the percentages of deductions in budgets of the majority of union republics from the principal regulating revenue source--the turnover tax--fluctuate noticeably. For individual republics they changed over 5 years very perceptibly: by 23.2 points (Azerbaijan SSR), 26.4 (Georgian SSR) and 35.5 points (Armenian SSR). The problem lies in finding the best alternative for determining the proportion of national revenues and taxes directed into the budgets of union republics in the stage of long-range planning.

The complex problems of improving consolidated financial planning for the long term must be resolved jointly with the creative collaboration of scientific and practical workers.

The matter certainly is protracted, but the further development of Soviet finances and reinforcement of their role in mobilizing the reserves of production and in the continuous financing of economic and cultural construction depend to a large extent on successful resolution of these problems.

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INVESTMENT, PRICES, BUDGET AND FINANCE

USSR, REPUBLIC STATE COMMITTEES ON PRICES ACTIVITIES

State Prices Committee Meets

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 7, Jul 81 pp 123-125

[Unattributed article: "At the USSR State Committee for Prices"]

[Text] On 31 March - 1 April 1981 an enlarged session was held of the USSR State Committee for Prices [Goskomtsen] with the participation of the leaders of the Union republic goskomtsens; this discussed the problems of price formation.

The report by the chairman of the USSR Goskomtsen N. T. Glushkov and the speeches by M. A. Gruodis (Lithuania), G. S. Zhdanko (Belorussia), V. I. Zhilin (Latvia), G. M. Kuleshova (Uzbekistan), Sh. K. Nakipov (Kazakhstan), K. I. Frolov (RSFSR), G. Ya. Chekati (Moldavia), A. Ch. Chonoyev (Kirghizia) and V. K. Shamborskiy (Ukraine) summed up the results of activities in the area of planned price formation over the previous 5 years and outlined measures to further improve the price systems and to raise their role in carrying out the tasks set by the 26th CPSU Congress.

The session noted the significant work done by the USSR Goskomtsen and by the ministries and departments in recent years. New wholesale prices and rates have been set for the products of the sectors of heavy industry, machine building and the light and food industries while new surcharges for the supply and marketing organizations have been approved. Almost 2,000 price lists have been revised including around 300 national ones, 1,270 republic ones and 340 approved by ministries and departments. The price lists approved by the USSR Goskomtsen include around 900,000 prices and rates.

The changeover as of 1 January 1982 to the new wholesale prices and rates in industry will strengthen their role in accelerating scientific and technical progress, in renewing and improving product quality and in the economical use of material resources. This will create conditions for the normal cost accounting operation of the enterprises. Simultaneously with the new wholesale prices, net product rates have been set for machine building products and their elaboration for a number of other sectors is being completed. This will make it possible for a majority of the ministries and departments to convert as of 1 January 1982 to the use of the net product indicator in the planning of industrial production.

As a result of the work done, there has been an improvement in production encouragement and the development of new highly efficient technology and the amount of the incentive surcharges on wholesale prices for new products has been raised.

Measures have been implemented aimed at disclosing existing reserves in the national economy. In the course of preparing the draft USSR economic and social development plans for 1981 and the 11th Five-Year Plan, the USSR Goskomtsen has elaborated proposals on a more complete processing of food raw materials in the production of consumer goods, for the rational allocation of commodity inventories, for saving fuel and energy resources, including secondary ones, and for increasing the effective manufacturing and use of metal products. Specific measures have been taken to strengthen the link between price formation, product standardization and certification, and for thoroughly depicting the technical and economic parameters and consumer properties of the products in the standards and prices. A plan has been prepared for joint measures by the USSR Goskomtsen and Gosstandart [State Committee for Standards] in increasing the role of normative technical documents and prices in improving the quality of metal products and ensuring the saving of metal in its production and use.

At the same time, as the speakers pointed out, the enormous scale of creation outlined by the 26th CPSU Congress for the forthcoming period obliges us to so organize work in the price formation area that it in fact becomes one of the most important instruments for implementing the party's economic policy. The basic areas of USSR economic and social development for 1981-1985 and for the period up to 1990 are to be: an improvement in price formation in the national economic sectors as an important instrument of planned management; strengthening the incentive effect of wholesale prices on improving product quality, accelerating the development of new highly efficient technology and the replacement of obsolete, the more rational use of production resources and a decline in product costs; the strengthening of state price discipline.

In the opinion of the speakers, a substantial rise in the quality and effectiveness of new products can be ensured by across-the-board planning of efficiency in terms of the product development stages, including design, production and operation. This predetermines a need to elaborate a standard procedure for the entire national economy to determine economic effectiveness. However often a product is put into production which differs from the previously developed one in insignificant design changes and it could be considered as a new product only in name alone. For eliminating such practice the price formation bodies should not approve prices for those ministries, associations and enterprises which under the pretext of renewing a product simply reapprove the normative and technical documents without an improvement in the technical and economic indicators. Correspondingly the surcharges on the wholesale prices must be set only for high effectiveness.

A reduction in product costs is one of the urgent problems under the conditions of the new wholesale prices and rates in industry which contribute to normal cost accounting operations of the industrial enterprises. The speakers pointed to the necessity that the savings in material and energy resources in the national economy be reflected in actuality in a decline in product costs and a rise in production efficiency. This should be reflected in the planning quotas for the ministries, associations and enterprises for a rise in profits and a decline in production

expenditures. The price formation bodies should tighten up on the price checks and not allow an inflating of the prices.

At the session particular attention was drawn to the irrational use of resources. All the quotas for saving them should be considered in the wholesale prices set for new or modernized products.

In accord with the policy of the CPSU to continuously increase national prosperity in the country stability of the state retail prices is to be maintained for the basic food and nonfood commodities. The methods and practice of setting them for new commodities have been improved for the purpose of encouraging a rise in the output and an improvement in the quality of the products considering the ever-increasing demands of the Soviet people.

The consistent carrying out of the party's line of ensuring stability for state retail prices for the basic food and nonfood commodities requires the following: in the first place an improvement in the methodology for determining retail prices for new consumer goods; increased elaboration and introduction into price formation practices of normative parametric price lists which ensure a differentiation of retail prices depending upon the material intensiveness of the products and the labor intensiveness of their manufacturing as well as more accurate accounting of enterprise expenditures; a study and improvement in the practice of covering the difference between the retail and wholesale prices in the event that the former exceed the latter after the revision; an improvement in analytical work in the area of retail prices, in particular carrying out an analysis of the dynamics of production, inventories and average prices for the basic commodity groups, and other equally important measures.

Retail price stability means, as is known, not only the maintaining of their actual level for the goods already available in trade but also an economically sound setting for new consumer goods. In line with this it was emphasized that a broadening of the use of the normative-parametric price formation methods and the broadening of the rights of enterprises for setting retail prices demand constant control by the price formation bodies over these processes.

In the Tenth Five-Year Plan there was the widespread practice of setting temporary prices for new superior quality products (new commodities). The temporary prices, in ensuring increased profitability, create a material incentive for their production. The task of the price formation bodies is to make certain that the new commodities are actually new, durable, of improved quality and meet the standards. In this area there must be strict control by the price formation bodies over the work of the industrial sectors and enterprises.

In setting the retail prices for new articles it is essential to make wider use of data concerning consumer demand and by economic measures help to increase the output of good commodities and restrict the output of bad ones. It is also essential to analyze the influence of the wholesale prices to be put into effect on 1 January 1982 and the normed net product on improving the quality of the produced product and increasing its assortment.

The decisions of the 26th CPSU Congress envisage greater state and public control and greater responsibility for the ministries and departments, the leaders of the associations, enterprises, organizations and institutions for observing price discipline. This most important party instruction requires a constant improvement and bettering in all forms and methods of control over the soundness of the computational materials provided with the price drafts; there must also be greater control over the observing of legislation on the setting and application of prices. Correctly organized control helps to disclose and prevent shortcomings in the organization of production and management and in the utilization of existing reserves and opportunities by the enterprises; it helps improve the service provided to the public and instill a sense of responsibility in the workers.

The USSR Goskomtsen, the Union republic goskomtsens and the local price formation bodies are working constantly and purposefully to monitor the setting and application of prices and rates in all the national economic sectors. At the same time the results of checks indicate that price discipline violations have not been completely eliminated and new types of violations are appearing. Recently cheap products have begun to be frequently removed from production; the enterprises of the Ministry of Instrument Making, Automation Equipment and Control Systems do this more often than the others.

Each year the price formation bodies collect as budget income a significant amount of illegal receipts and cancel economically unsound prices. But, as is seen, these measures are not sufficient. It is essential to have a principled and strict approach to the violators of state discipline, including of price legislation, to show greater exactingness and take an uncompromising stand in defense of state interests.

People's control provides substantial help to the price formation bodies. In the nation there are over 4,600 volunteer commissions for supervising price observance and trade rules; these have been organized under the rayon (city) executive committees. It is important to activate this form of control.

One of the most important conditions for the successful elaboration of the food program is the strengthening of cost accounting and ensuring expanded reproduction on the kolkhozes and sovkhozes as well as creating an economic incentive for the nationalized farms and the public to increase the production and sale to the state of the basic food products such as meat, milk, eggs, potatoes, fruits and vegetables and so forth.

The session also examined certain price formation questions in the cooperation among the CEMA member nations. Emphasis was put on the importance of studying the existing experience of using prices to encourage thriftiness in these nations. However, it is essential to make better use of prices in determining the effectiveness of agreements in the area of production specialization and cooperation.

The speakers pointed to the need of putting an end to the practice of studying secondary areas and concentrating efforts on the basic areas of scientific research. These include primarily: the elaboration of proposals to strengthen the effect of the price system on raising social production efficiency; studying price models, the place and role of price systems in the economic mechanism of developed socialism; generalizing the actual use of net product rates in industry and the preparation of

proposals to improve the methods of elaborating them; generalization and analysis of the results of revising wholesale prices and rates in industry. There must also be a more profound study of the problems of thriftiness, an improvement in product quality and better methods for setting the net product rates.

A decree was approved on the discussed questions and it reflected measures aimed at improving price formation in the national economic sectors as an important instrument in planned management, at strengthening the incentive effect of wholesale prices on improving product quality, at accelerating the development of new highly efficient technology and replacing the obsolete, at the more rational use of production resources and reducing product costs, at strengthening state price discipline and at consistently carrying out the line of ensuring a stability of state retail prices for basic food and nonfood goods in accord with the Basic Directions for the Economic and Social Development of the USSR for 1981-1985 and for the Period Up to 1990.

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Setting of Net Product Rates

Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 81 p 16

[Unattributed article: "Procedure for Calculating Net Product Rates for Single Orders and Experimental Batches of Goods"]

[Text] The USSR Goskomtsen has set the procedure for calculating the net product rates (NPR) for products manufactured under single orders and sold using temporary wholesale prices, for experimental models (batches) of production and technical articles, large and special-made machines and equipment manufactured under individual orders as well as for the first experimental batches of goods and particularly fashionable articles the prices for which are set by agreement of the manufacturer and consumer (client).

The manufacturing ministries (departments) and production associations (enterprises) which have been given the right to set wholesale prices with the agreement of the consumer, simultaneously with the wholesale prices, should set net product rates and incorporate these rates in the corresponding protocol (agreement) as a separate line.

The wages of production workers are included in the calculation of the net product rate on the basis of technically based labor intensiveness rates checked by the client and approved in setting the prices.

The same procedure is used for determining wages for calculating the net product rates for the one-shot surcharges for the wholesale prices approved in the appropriate price lists in carrying out the demands approved by the client for improving the individual technical and economic indicators and other consumer properties of the product to be delivered in comparison with the current standards or technical conditions.

The coefficient K_w is determined in accord with the "Procedural Instructions on the Method for Working Out and Applying the Net Product (Normed) Indicator in Planning" (Point 14) approved on 12 September 1979 by the USSR Gosplan, the USSR Goskomsen, the USSR Ministry of Finances, the USSR State Committee for Labor and Social Problems and coordinated with the USSR Central Statistical Administration as well as the corresponding sectorial procedures elaborated for developing them and properly established.

The profit which is to be included in the net product rate is calculated as follows:

- a) For the products sold under the temporary wholesale prices, for experimental models (batches) of production and technical end products, large and special-made machines and equipment, proceeding from the profitability norms set for analogous equipment in the corresponding price lists in terms of costs minus the value of the employed raw products, fuel, energy, materials, semifinished products and preassembled articles (in individual instances in relation to wages);
- b) For single orders, proceeding from the profitability in percent of costs minus the value of the employed raw products, fuel, energy, materials, semifinished goods and preassembled articles as a whole according to the enterprise plan for the current year but not less than 25 percent.

The amount of profitability is determined by relating the total amount of profit according to the plan for the current year to the costs minus the value of the used raw products, fuel, energy, materials, semifinished products and preassembled articles (proceeding from the expenditure structure for producing the product in the costing breakdown according to this year's technical, industrial and financial plan);

- c) For the first experimental batches of goods and particularly fashionable articles, with the exception of light industry products, in the amount set in the wholesale price in accord with the calculation following Form No 2 of the "Regulation Governing the Procedure for Setting Contractual Prices for the First Experimental Batches of Goods and Particularly Fashionable Articles and the Differentiation of Trade Rebates" as approved by the USSR Goskomsen of 27 May 1980, No 500.

The net product rate for light industry products is set in accord with the "Procedural Instructions on the Method for Working Out and Applying the Net Product (Normed) Indicator in Planning for Light Industry" as set by the USSR Ministry of Light Industry on 12 August 1980.

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REGIONAL DEVELOPMENT

KAZAKH GOSPLAN DEPUTY REVIEWS ECONOMIC DEVELOPMENT

Alma-Ata IZVESTIYA AKADEMII NAUK KAZAKHSKOY SSR: SERIYA OBNCHESTVENNYKH NAUK in Russian No 2, Mar-Apr 81 pp 23-30

/Article by Zh. A. Abutalipov: "Kazakhstan During the 11th Five-Year Plan"/

/Text/ The 26th CPSU Congress adopted a detailed program of the building of communism for 1981-1985 and the period to 1990. In the Main Directions of USSR Economic and Social Development much space is assigned to the development of productive forces and the union republics, including Kazakhstan.

As is known, the 10th Five-Year Plan in Kazakhstan, as in the country as a whole, was fulfilled with respect to all the main indicators. About 38 billion rubles of capital investments were assimilated in the sectors of the national economy, which is 23 percent more than during the Ninth Five-Year Plan.¹ The national income increased by 23.6 percent, while the volume of industrial output increased by more than 18.3 percent. About 250 new enterprises, large shops and works were put into operation.

The agrarian policy was consistently implemented in the republic. In 5 years the country received more than 81 million tons of Kazakhstan grain. The average annual production of grain increased by 27 percent as against the Ninth Five-Year Plan. The five-year plan on procurements of grain corn, rice, raw cotton, potatoes, vegetables and cucurbits was successfully fulfilled. The average annual volumes of the sale of milk, eggs and wool to the state increased. The livestock population increased, its productivity grew. The area of irrigated lands increased by 409,000 hectares, pastures 22.9 million hectares in area were irrigated, 2,600 km of group water mains were put into service.

The joint solution of social problems was a feature of the 10th Five-Year Plan. About 7 billion rubles were allocated for the improvement of the housing, cultural and living conditions of the population. During the 5-year period more than 30 million m² of housing were put into operation, 3,215,000 people improved their housing conditions. The real income of the population increased by 18.5 percent, the payments and benefits from public consumption funds increased by 29 percent, which is considerably more than stipulated by the five-year plan.

1. The numerical materials from the reports of D. A. Kunayev and B. A. Ashimov at the 15th Congress of the Communist Party of Kazakhstan are used in the article. See KAZAKHSTANSKAYA PRAVDA, 5, 6, 7 February 1981.

The increase of the minimum wage of workers and employees to 70 rubles a month in all the sectors of the national economy was realized in full. During the five-year plan the rates and salaries of the average pay categories of workers of the nonproductive sectors were increased; a supplementary wage for work at night was introduced for the foremen of the production sections of industrial enterprises and construction organizations and it was increased for workers involved in the main activity of railroads; the wage was also increased for some categories of workers of the coal industry, ferrous and nonferrous metallurgy, construction, agriculture and rail transport.

Public health, education, cultural and personal service underwent successful development.

"Now Kazakhstan," member of the Politburo of the CPSU Central Committee and First Secretary of the Communist Party of Kazakhstan Comrade D. A. Kunayev wrote, "is a major economic region of the country, the role and importance of which are increasing with each year. The solution of major and most complicated problems is within its power."²

The further development of all the sectors of the economy and culture of Soviet Kazakhstan is envisaged by the Main Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990, which were approved by the 26th CPSU Congress.

The amount of the gross national product by the end of the 11th Five-Year Plan will come to nearly 55 billion rubles, the amount of the produced national income will come to 23 billion rubles.

The absolute increase of the national product during the 5-year period will be equal to its amount for 1958. The per capita national income in 1985 will increase nearly threefold as compared with 1960. It is planned to obtain more than 60 percent of the increase of industrial output, 70 percent of the increase of construction and installation work and the entire increase of agricultural output by means of the increase of labor productivity. Along with this in a number of sectors a significant increase of the production capacities will be achieved by the construction of large enterprises and works.

Measures on the improvement of the sectorial structure of the economy, which are aimed at the more complete satisfaction of the demands of the national economy and the population, by the production in the republic and the reduction of the imports of products, especially consumer goods, from other regions of the country are called for.

A list of the most important problems of economic and social development for the future has been established, in accordance with which comprehensive goal programs will be drawn up, such as the fuel and energy balance, the acceleration of the development of the machine building industry, the food program, the creation of the material, technical and fodder base for the further development of sheep raising, the water supply of the national economy and the irrigation of land, environmental protection and others.

2. D. A. Kunayev, "Sovetskiy Kazakhstan" [Soviet Kazakhstan], Moscow, 1978, p 41.

The increase of the efficiency of the use of the scientific potential of the republic, especially the scientific institutions of the Kazakh SSR Academy of Sciences and higher educational institutions, as well as the establishment of new scientific centers and institutions are planned. For the purpose of the quickest possible use of the results of completed scientific developments in production it is envisaged to strengthen the mutual contacts of science and production and to create experimental production bases at scientific institutions and enterprises. It is planned to increase by 1.4-fold the capital investments for these purposes.

In the sectors of the national economy it is planned to carry out the complete mechanization of 1,200 enterprises, shops and production sectors, to ensure the conditional saving of labor inputs of 174,000 people and to reduce the number of workers engaged in manual labor by 83,000. The placement into operation of twofold more capacities of computers and automated control systems of technological processes than during the 10th Five-Year Plan is called for.

As before industry will be of decisive importance in the increase of the economic potential and the raising of the technical level of all the sectors of the national economy. The main attention will be focused on the solution of the following problems:

the expansion of the production potential of the base sectors--nonferrous and ferrous metallurgy, the fuel and power complex, the chemical and petrochemical industry;

the creation of the conditions for increasing the level of industrialization of agriculture;

the development of the production base of construction;

the increase of the output of raw materials for the production of consumer goods (chemical fibers, hides, thread, plastics, wood fiber board and others);

the expansion of the output of goods, especially durable goods;

the elimination of the existing intersectorial and intrasectorial disproportions and on this basis the increase of the indicators of efficiency, first of all the output-capital ratio.

This dictates the need for certain structural changes. The processing sectors, which, while having a relatively low capital-output ratio, can provide an appreciable increase of the output-capital ratio, will be developed at a leading rate. The implementation of the outlined measures will make it possible to increase the industrial production volume during the 5-year period by 22-25 percent.

The rate of development of industry during the coming period in many ways is governed by the availability of fuel and energy resources. In 1985 it is planned to increase the production of coal to 134 million tons, which is 18.6 million tons more as against 1980, and the generation of electric power to 90-95 billion kWh, or 29-34 billion kWh more. The main increase of coal production will be obtained at the Ekibastuz basin. The Bogatyr' open pit, the largest in the world, will annually produce 50 million tons of coal.

In order to supply the rural population and to meet municipal and household needs, as well as to supply the electric power stations of Kazakhstan and the Southern Urals with power fuel it is planned to begin the development of the Maykubenskiy lignite basin with the placement of the first section with a capacity of 5 million tons into operation in 1986. In the Karaganda Basin a large amount of mine development and tunneling work will be performed in order to maintain the active capacities.

The continuation of the construction of large GRES's with a capacity of 4 million kW each is called for at the Ekibastuz Fuel and Power Complex. Electric power will be sent from here to the center of the European part of the USSR and to the Urals. For this purpose it is envisaged to construct the first section of the Ekibastuz-Center 1,500-kV direct current electric power transmission line and the Ekibastuz-Urals 1,150-kV alternating current electric power transmission line. The placement into operation of the first section of the Shul'binskaya GES is planned. The development of power engineering will make it possible to improve the electric power balance of the republic and to transform it from an importer to an exporter of electric power.

The increase of the level of central heating will be ensured. For this purpose the operating TETs's in Alma-Ata, Karaganda, Pavlodar and Ust'-Kamenogorsk will be expanded and the capacities of other electric power stations and regional boiler houses will be increased.

In the decisions of the 26th CPSU Congress it is envisaged to develop at a leading rate the oil drilling industry in the Kazakh SSR. It is planned to increase petroleum production in 1985 to 23.1 million tons, gas condensate to 110,000 tons and gas to 5.3 billion m³, to increase the primary refining of petroleum 2.1-fold, to step up the geological prospecting for petroleum and gas in Western Kazakhstan and to expedite the development of the Kalamkas and Karazhanbas petroleum deposits on the Buzachi Peninsula.

Capacities at the Pavlodar Petroleum Refinery will be put into operation and the construction of a new refinery in Chimkent will be completed in order to increase petroleum refining. The extensive introduction of secondary processes of the heavy refining of fuel oil, as well as processes which are aimed at increasing the quality of the products being made and enlarging the assortment of petroleum products, the coking of heavy petroleum residues, the production of asphalt, the catalytic reforming and cracking of crude oil, the hydrorefining of diesel fuel and kerosene are planned.

The chemical industry of the republic will undergo further development due to: the increase of the capacities at the Karatau basin and the Chilisayskoye deposit of phosphorites; the continuation of the construction of the Novodzhambul Phosphorus Plant and the Karatau Chemical Plant; the renovation of the phosphorus works at the Chimkent and Dzhambul associations, which will make it possible to increase the production of mineral fertilizers by 1.3-fold. In this sector the production of synthetic detergents, chemical fibers and plastics will also increased, the production of motor vehicle and agricultural tires, including tires for K-701 tractors, will be assimilated.

In ferrous metallurgy measures on the improvement of the intensification of production will be implemented and operating enterprises will be expanded.

The construction of the sheet iron shop, with the placement of which into operation the production of sheet iron in the country will increase 1.5-fold, will be completed at the Karaganda Metallurgical Combine.

At the Yermak and Aktyubinsk ferroalloy plants new capacities will be put into operation and a set of measures on the retooling of production will be implemented. The capacities for the mining of iron ore at the Sokolovsko-Sarbayskiy, Lisakovsk, Kacharskiy and Donskoy mining and concentration combines, as well as the Ken'-Tyube mine will be expanded.

The increase of the capacities of mining enterprises, as well as the improvement of the technological processes of concentration and metallurgy, the organization of the output of products of increased technical readiness and the complete utilization of mineral raw materials, the improvement of the quality and assortment of the products being produced are called for in nonferrous metallurgy.

Particular attention will be devoted to the development of the raw material base of operating enterprises, as well as the assurance of its further leading development: it is planned to put into operation the Akchiy-Spasskiy open pit and an underground mine at the Dzhezkazgan Combine and to implement measures on the completion of the construction of the Zhezkentskiy and Akzhal mining and concentration combines and the Eastern Kazakhstan Copper and Chemical Combine, as well as the placement into operation of the Boshchekul'skiy copper deposit, and to place the Bakyrchikskiy and Vasil'kovskiy combines into operation.

In the ore mining industry much attention will be devoted to increasing labor productivity by the use of the cyclical flow technology of mining ore and the introduction of new, more productive mining equipment.

In the metallurgical industry the amounts of processing of waste slags and sludges will increase considerably.

During the new five-year plan the work on the building up of the machine building base of the republic will be continued. The production volume of the sector will increase 1.3-fold, which will mainly be ensured by the expansion and renovation of operating enterprises. The renovation of the Pavlodar Tractor Plant will for the most part be completed. The output of new highly efficient machines for the moldboardless tilling of soils will increase at the Tselinograd Association of Anti-erosion Equipment, the production of sets of machines and equipment for the mechanization of operations in sheep raising will increase at the Aktyubinsk Agricultural Machinery Plant. The capacities will be expanded at the Kentay Transformer Plant and the Petropavlovsk Insulating Materials Plant.

The construction of plants for the production of air-cooled diesel engines in Kustanay, propeller shafts in Petropavlovsk, alkaline batteries in Taldy-Kurgan, the Tsentrolit Plant of the Ministry of the Electrical Equipment Industry in Kustanay, the Polimermash Plant and the reinforcement plant in Ust'-Kamenogorsk is planned.

The increase of the production of diverse high quality goods and the maximum meeting of the demands of the population for them are the main task of the sectors which produce consumer goods.

In light industry the output of cotton, wool and silk fabrics, rugs and carpet items, knitted underwear and outerwear, leather footwear and other goods will be increased. During the five-year plan the demand of the population for children's goods, hosiery and garments and leather footwear for the most part will be met.

Such large enterprises as the porcelain plant in Kokchetav, the nonwoven materials factory in Kzyl-Orda, the sewing factory in Pavlodar and the trimming factory in Ust'-Kamenogorsk will be put into operation in the sector, the construction of a stocking factory in Temirtau and Semipalatinsk, a cotton spinning factory in Karaganda and others will begin.

The furniture industry will be developed mainly due to the renovation, retooling and specialization of production with the use of advanced materials and the maximum utilization of low grade lumber and scrap wood. Measures on the updating of the assortment and the assimilation of the production of the best models of furniture and the improvement of its appearance are planned.

The share of local industry in the production of mass demand goods is increasing. Its enterprises will be located in medium-sized and small cities and other population centers, which have idle manpower resources. It is planned to increase the output of products from local raw materials and production waste by 1.3-fold.

Important tasks on the increase of the production of goods for cultural, personal and household use are being entrusted to the machine building and other enterprises of heavy industry. It is planned to assimilate the production of new complicated personal goods. The output of tape recorders, children's bicycles, tools, garden and orchard tools and others will increase considerably.

In the implementation of the food program an important role is being assigned to the development of agriculture of Kazakhstan. The work on the intensification of agricultural production, the strengthening of its material and technical base, the improvement of the structure, the intensification of specialization and the increase of the concentration of production will be continued.

These measures will make it possible to ensure an average annual production of grain in the amount of 28-29 million tons, meat (in dressed weight)--1.2-1.3 million tons, milk--4.9-5 million tons. The production of wool will be increased to 110,000-115,000 tons, karakul skins--to 2.5 million.

The production volumes in farming, which are stipulated for the new five-year plan, will be achieved due to the assimilation of scientifically sound crop rotations and the improvement of the structure of the sown areas, the extensive use of high-yield strains and hybrids of grain crops and the expansion of reclamation operations. The increase of the output of livestock products will be based on the increase of the population of all types of livestock and poultry, the increase of their productivity, the strengthening of the fodder base, the mechanization of production processes and the creation of a highly productive breed herd. By the end of the five-year plan it is planned to increase the number of cattle to 8.7 million, sheep and goats to 41 million, hogs to 3.2 million and poultry to 49.5 million.

Measures on the material and technical supply of the sovkhoses and kolkhoses of the republic are envisaged. During the 5-year period agriculture should receive 148,000 tractors, 109,000 trucks, 93,000 grain harvesting combines and much other equipment. The amount of capital investments in the overall development of agriculture will be 16.2 billion rubles, or an increase of 17 percent as against the past five-year plan.

The improvement of the use of irrigated land, the increase of its fertility and the elimination of the lag in agricultural development lie ahead in the area of land reclamation. The placement into use of 400,000-420,000 hectares of land in the basin of the Irtysh River, in the zone of the Irtysh-Karaganda Canal, as well as in the southern oblasts of the republic is planned. Great amounts of work are planned on the improvement of the technical state of the existing irrigated land. In all 15 million hectares of pastures will be irrigated, the scientific and design studies on the transfer of waters of Siberian rivers to Central Asia and Kazakhstan, as well as measures on the preservation of land, the animal world, water and other natural resources will be continued.

The improvement of the cooperation of all the sectors of the agro-industrial complex and the sharp decrease of the losses of produce during the harvesting, transportation, processing, storage and delivery to the consumer are envisaged at the same time as the increase of the output of agricultural products. The union republic Ministry of the Fruit and Vegetable Industry was established for these purposes.

The task of increasing the production and improving the quality of products by means of the complete processing of resources and the maximum reduction of the transportation of livestock is being set in the meat and dairy industry. Taking into account the increasing demand of the population for dairy products, it is planned to increase the production of substitutes of whole and dry skim milk during the 5-year period by 4.6-fold.

In the food industry the demand of the population for macaroni and confectionary items, vegetable oil, table salt and beer will for the most part be met by its own production, the importing of other foodstuffs will be decreased considerably. For these purposes it is planned to build a macaroni factory in Chimkent, a grain macaroni and confectionary combine in Karaganda, bakeries in Gur'yev, Taldy-Kurgan, Shchuchinsk and Alma-Ata, a mineral water bottling plant in Chimkent, a Pepsi Cola plant in Alma-Ata; it is planned to carry out the renovation of a number of enterprises in the sugar and fruit canning industry and of the oil and fat combine in Chimkent and several others.

In the fish industry attention will be devoted to the intensification of commercial fishing and the improvement of the biotechnics of pisciculture, to the introduction of the mechanization of production and advanced methods of feeding fish.

The improvement of the operation of all types of transport, especially rail transport, has been outlined. For these purposes it is envisaged to carry out the re-equipment of rail transport and the placement into operation of the Sayak-Aktogay line. The length of second tracks and two-track inserts will be increased. The total volume of freight shipment by rail transport will increase by more than 20 percent. A number of measures will be implemented on the increase of the quality of operational work, the rationalization of freight traffic, the sharp increase

of the volumes of container and packet shipments, as well as the intensification of the use of freight cars at stations and on the sidings of industrial enterprises. It is planned to expand advanced centralized cargo shipments. Passenger traffic will increase considerably. The construction of the control network of highways, which link the economic regions of the republic with each other and with the neighboring oblasts of the RSFSR and the republics of Central Asia, as well as of the roads to the rayon centers, kolkhozes and sovkhoses will be completed. The renovation of existing highways of national importance will be continued. It is planned to increase the network of hard surface roads to 79,800 km and their share to 82 percent.

The 11th Five-Year Plan will become a new stage in the implementation of the party program on the increase of the well-being of the people.

It is planned to increase the national income, which is used for consumption and accumulation, by 28 percent in 5 years. This will make it possible to provide an increase of the per capita real income by 16.4 percent. The average monthly wage of workers and employees will be increased by 15 percent, while the pay of kolkhoz farmers will be increased by 16 percent.

Rayon coefficients for the wage of workers and employees, for whom they have not been established, will be introduced in some rayons of the republic. Public consumption funds will increase 23 percent as against 20 percent for the country.

Air transport will be developed in the direction of the further expansion of the passenger and freight traffic and mail shipments.

The assurance of the proportionate development of telephone and telegraph communications, television and radio broadcasting, postal service and the distribution of printed matter is the main task of the development of the means of communication.

The volume of the retail commodity turnover will increase by more than one-fourth, the provision of the population with stores and public dining enterprises will increase.

The demand of the population for personal services will be met more completely, while in such services as shoe and clothing repair, the custom making of clothes, the rental of cultural, personal and household goods and the services of barbers and hairdressers the actual provision will be brought up to the standard. A faster rate of growth of personal services is envisaged in rural areas, where it is planned to complete the establishment of houses of personal service and combined receiving centers.

The implementation of the housing construction program will be continued: it is planned to increase the provision of housing per person to 0.65 m², and in rural areas to 1.1 m².

Substantial changes are called for in municipal services. It is planned to provide all the cities of the republic with centralized water supply and a centralized sewer system and to provide all the available urban and socialized housing with central heating.

The public education and cultural system will be expanded. Plans on improving the working and living conditions of working women are planned. The provision of children with preschool institutions will increase. Qualitative changes will take place in the secondary educational system, especially in rural areas, where during 1981-1985 it is planned to put into operation more than two-thirds of all the places in school being put into operation in the republic and to complete the changeover of general educational schools to a single shift.

In rural rayon centers Houses of Culture will be built, and the network of public libraries, club institutions and movie projectors will be enlarged. Higher and secondary education will undergo further development. In all 8 higher and 12 secondary educational institutions will be organized. Some 586,100 specialists will be trained for the sectors of the national economy.

It is planned to implement a number of measures in the area of public health. The network of hospitals, polyclinics and drugstores will be enlarged. Thus, it is planned to increase the provision of the population with hospital beds per 10,000 inhabitants to 131.2 as against 129.7 in 1980.

The organization of physical culture, sports, tourism and others will be improved.

The achievement of the set tasks will require the performance in the sectors of the national economy of a large amount of work on capital construction, the strengthening of the production base of construction organizations, especially in new, uninhabited regions and rural areas. During the 5-year period the capital investments in the national economy due to all sources of financing will increase by 19.5 percent.

In the Accountability Report of the Central Committee of the Communist Party of Kazakhstan to the 15th Congress of the Communist Party of Kazakhstan, Member of the Politburo of the CPSU Central Committee and First Secretary of the Central Committee of the Communist Party of Kazakhstan Comrade D. A. Kunayev along with the work being performed noted that "for the republic as a whole the reorganization of the economic mechanism is still being carried out slowly, especially in the systems of the ministries of power, the construction materials industry and local industry," "Gosplan, the ministries and departments are called upon to raise planning to a qualitatively new level," "in planning it is important to use more actively the new program goal method which has been advanced by life itself."

General Secretary of the CPSU Central Committee Comrade L. I. Brezhnev in his report at the 26th party congress, expressing the thoughts and feelings of all communists and the Soviet people, said with steadfast confidence: "Our goal--communism--is magnificent. And each labor gain, each year of heroic accomplishments and each five-year plan are bringing us closer to this goal. The party is also evaluating the coming 5-year period from this point of view. Great, difficult problems must be solved, and we will solve them and solve them without fail."

The enhancement of the role of planning as the central link in the management of the national economy, the strengthening of cost accounting at all levels of management, the improvement of the organizational structure of management and the

development of the initiative and creative activeness of the workers in the management of the economy are the most important condition of the accomplishment of the far-reaching tasks of the 11th Five-Year Plan.

At present the Kazakh SSR Gosplan jointly with ministries and departments, on the basis of the decisions of the 26th CPSU Congress and the 15th Congress of the Communist Party of Kazakhstan, is elaborating measures on the implementation of the plan of the 11th Five-Year Plan with respect to all the indicators on time and with a high quality.

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REGIONAL DEVELOPMENT

SIBERIA, FAR EAST IN 11TH FIVE-YEAR PLAN

Siberian, Far Eastern Plans

Moscow AGITATOR ARMI I FLOTA in Russian No 12, Jun 81 pp 3-5

[Article by V. Sennikov: "Siberia and the Far East in the 11th Five-Year Plan"]

[Text] The decisions of the 26th CPSU Congress devote great attention to the further, accelerated economic development of Siberia and the Far East and to tapping their enormous natural riches, that is, to the production of oil, gas, coal and to the use of hydropower and forests. One of the particular features in tapping the colossal raw material resources of the Eastern regions of the nation is that here, as a rule, are created not individual separate plants and factories but rather entire large territorial-production complexes [TPK] which provide a significant effect due to combining and cooperation of the enterprises as this provides a fuller utilization of the raw materials, transport and human resources. The Western Siberian, Kansk-Achinsk, Sayan, Ust'-Ilimsk and Southern Yakut TPK are in the formative stage. At present the Western Siberian TPK is the nation's main source for the production of oil and gas. Thus, the output of oil, including gas condensate, in Tyumenskaya and Tomskaya oblasts will increase from 312 million tons in 1980 up to 385-395 million tons in 1985.

New, major tasks have also been set in increasing the output of natural gas. In his report at the 26th Party Congress, Comrade L. I. Brezhnev said: "I consider it essential to put the rapid increase of Siberian gas output as a task of primary economic and political importance. The fields of the Western Siberian region are unique."

The output of natural gas in Western Siberia should increase from 156 billion m³ in 1980 up to 330-370 billion m³ in 1985. In the new five-year plan, the output of natural gas will come from such major fields as Medvezh'ye, Vingapur and Urengoy.

In terms of natural gas reserves, Urengoy has no equal in the world. A particular feature of this field, in addition to the colossal reserves, is that here the strata saturated with natural gas alternate with strata containing condensate and oil has been discovered beneath these strata at a depth of 3,000 m. Each well at Urengoy provides 7-9-fold more natural gas than in the north of the European USSR or approximately 20-fold more than in the Ukraine. At Urengoy the growth of output for natural gas alone has been set from 50 to 250 billion m³. Thus, this field alone

at the end of the five-year plan will provide more than one-third of the natural gas output in the nation.

Western Siberia must play a major role in supplying industry and the domestic requirements of the nation's population. Even now almost 200 million Soviet people use gas in their everyday life paying the lowest rate in the world. New gas lines will be built during the 11th Five-Year Plan.

In the Western Siberian TPK during the 11th Five-Year Plan petrochemical industry enterprises will appear. Production capacity will be put into operation at the Tobol'sk Petrochemical Combine and the Tomsk Chemical Plant. These will produce a large amount of synthetic rubber, plastics and other chemical products. With the completion of construction on the Surgut--Urengoy railroad around 600 km long, the nation will gain access to new oil and gas fields, including to such a major natural gas field as the Urengoy.

During the 11th Five-Year Plan, there are plans to increase the output of power and coking coals in the Kuznetsk Basin. This is the second largest coal basin of our country after the Donets Basin. The total geological coal reserves here are the colossal amount of 725 billion tons. In terms of quality these deposits are diverse and are among the best in the nation. Over one-half of the output comes from the cheapest method, strip mining. While in 1980 the Kuznetsk Basin produced more than 160 million tons of fuel for the nation, in 10 years annual coal mining in the basin will reach 270 million tons.

Extensive work will be carried out to further develop the Sayan TPK. We are to basically complete the construction of the nation's largest Sayano-Shushenskaya GES with a power of 6.4 million kilowatts. As is known, this power plant is the core of a TPK which includes more than 100 diverse enterprises in machine building, electrical engineering, nonferrous metallurgy, the light and food industries.

Large solid fuel reserves are also to be found in the Kansk-Achinsk brown coal basin which extends along the Transsiberian Mainline (from Mariinsk to Tayshet) a distance of 700 km. The total geological brown coal reserves here are 600 billion tons, of which 140 billion tons lie at a shallow depth and are suitable for strip mining. Here are located 70 percent of all the nation's coal reserves which can be strip mined.

The basin's coal is unsuitable for long-distance shipment. In shipping and in extended storage it loses its mechanical hardness, it turns to dust and in the summer, in addition, is inclined to spontaneous combustion and during the winter, because of the high moisture content, freezes into large clumps. Consequently, the brown coal of the Kansk-Achinsk Basin should basically be used on the spot predominantly in the furnaces of electric plants.

In March 1979, the CPSU Central Committee and the USSR Council of Ministers approved a decree on the Kansk-Achinsk Fuel-Energy Complex (KATEK). Such attention to this Siberian complex is completely understandable. It provides the cheapest brown coal in the nation and has riches which, as scientists have estimated, would suffice the nation for a period of at least five centuries. In the report at the 26th Party Congress, Comrade L. I. Brezhnev said: "Looking to the future, we must also

thoroughly work out the question of producing synthetic liquid fuel on a basis of the coals from the Kansk-Achinsk Basin." For this purpose at present in the city of Krasnoyarsk construction is being completed on the world's first industrial energy-thermal chemical unit. From the brown coal it will produce semicoke, fuel gas and resin and from the resin boiler fuel, gasoline, bitumen and other chemical products.

During the 11th Five-Year Plan development will be continued for the hydroresources of the Angara. Construction has been started on the Boguchany GES with a capacity of 3 million kilowatts. This is the fourth hydropower plant of the Angara series after the Irkutsk, Bratsk and Ust'-Ilimsk GES. The hydropower plants on the Angara are very economical. For example, the cost of 1 kilowatt hour at the Ust'-Ilimsk GES is 0.06 kopeck, that is, 2.5-fold less than the average for all our nation's GES. During the 2 years of operation the plant has repaid the money invested in its construction.

The Baykal-Amur Mainline [BAM] should play a major role in the accelerated economic development of Siberia and the Far East. The "Basic Directions for the Economic and Social Development of the USSR for 1981-1985 and for the Period Up to 1990" as approved by the 26th CPSU Congress envisage the opening of train traffic along the entire length of the BAM.

The zone of the BAM is rich in diverse natural resources. Here are large reserves of coal, iron ores as well as the ores of nonferrous and rare metals. Extensive forests stretch along the entire route. There are plans to create several TPK in the zone of the mainline. In the 11th Five-Year Plan we will continue to develop the Southern Yakut TPK. Here geologists have discovered more than 40 billion tons of coking coal and 7.5 billion tons of iron ores. Their deposits are located in a compact area with a radius of 100 km.

The enormous scope of construction in the eastern regions of the nation has caused a rapid rise in the population. While as a whole the population of the RSFSR during the period between the 1970 and 1979 censuses increased by 6 percent, in the Eastern regions it was by 10 percent, in Tyumenskaya and Tomskaya oblasts by 25.5 percent and in Magadanskaya and Kamchatskaya oblasts by 34 percent.

The largest new construction projects have been declared Komsomol shock sites.

In carrying out the decisions of the 26th CPSU Congress, the labor collectives of the construction projects have widely developed a socialist competition to successfully fulfill and overfulfill the production quotas and to raise the efficiency and quality of the work.

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Development of Primorskiy Kray

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 24 Jul 81 p 2

[Article by N. Khromovskikh, Secretary of the Primorskiy CPSU Kraykom in Vladivostok: "Decision and Execution"]

[Text] Primorskiy Kray holds an important place in the Far Eastern economy. Although its territory is less than 3 percent of the territory in the Far Eastern Economic Region, here is found almost one-third of the industrial and agricultural potential of the Far East and one-third of the region's population. The Maritime Area produces a more significant portion of the Far Eastern fish and sea products and 80 percent of the maritime shipments in the Far East are handled here.

The importance of the efficient use of the very rich natural resources of the Maritime Area has been stated in the Basic Directions in the Economic and Social Development of the USSR for 1981-1985 and for the Period Up to 1990 as approved by the 26th CPSU Congress. Envisaged are a further rise in the kray's economy, the elimination of disproportions in the development of the sectors and the integrated use of the existing natural resources.

The kray's party organization has acquired a good deal of experience in an integrated solution to the problems which primarily determine a further rise in production efficiency. The kray, city and rayon party committees have set up economic and social development councils. With their participation 5-year comprehensive programs have been worked out. The work has been well organized by the councils set up under the Arsen'yev and Nakhodka gorkoms and the Kavalerovskiy Raykom. The council at the Kavalerovskiy Raykom, for example, last year examined the questions of improving the utilization of labor resources, further increasing consumer goods production, economy and thriftiness at the enterprises and organizations as well as the socioeconomic development plans in the 11th Five-Year Plan.

The bureau and the secretariat of the CPSU Kraykom are constantly examining the key development problems of the various sectors. It often happens that the integrated specific programs for a sector are set by the joint decrees of the party kraykom bureau and the boards of the involved ministries. An example of such fruitful cooperation between the kray and central bodies can be seen in the 10-year program for strengthening the coal industry of the Maritime Area. The program has been approved by the joint decree of the USSR Ministry of Coal Industry and the Primorskiy Kraykom. It envisages that up to 1990 coal mining will double in the kray and due to this imports can be completely given up. The program is being successfully implemented. Thus, last year, without major capital investments coal mining was increased by 500,000 tons at the deposits of the Primorskugol' [Maritime Coal] Association.

Joint measures have been prepared and in the near future will be reviewed for strengthening the physical plant of the light, textile and food industry enterprises with the RSFSR Ministry of Textile Industry, the RSFSR Ministry of Light Industry and the RSFSR Ministry of Food Industry. Of course, not everything is so easily and quickly solved as we would like, however the very approach by the workers from these ministries shows that the development problems in the kray, regardless of geographic remoteness, are understood and important to them.

At the same time, many unsolved problems remain in the kray's economy. These include, above all, certain disproportions in the related sectors and the unintegrated use of existing natural resources.

For example, let us take the lumber wealth of the Maritime Area. A significant portion remains unused. For each cubic meter of lumber felled in the kray there is 1 m³ left in the stand. This is sheer wastefulness. The way out is in the comprehensive use of the wealth of the Far Eastern tayga. Certainly a portion of the so-called wastes could be successfully processed if the kray would develop sheet and hydrolysis production and capacity for producing industrial chip. However, the state of this production lags sharply behind the rate of lumber felling. This disproportion is not new and has lasted many years. How can it be eliminated?

The kray has over 200 small saw mills belonging to different departments. This means that both the raw material resources and the capacity for processing them are scattered and there is an unjustified overexpenditure of state funds. Here the output per gang saw is 10-12-fold less than at the Primorskiy or Ussuriysk DOK [lumber processing combines]. The small enterprises have virtually no opportunity to use the wastes. Moreover, here they are not even taken into account.

Thus, the necessity has long been present of concentrating the felling and processing of the lumber in a single department. We are convinced that this task can and should be carried out most competently and efficiently by the USSR Ministry of Lumber, Pulp-Paper and Woodworking Industry. The kray party and economic bodies have repeatedly tried to draw the attention of the ministry workers to this problem. We are still waiting for this. The Far Eastern sea could provide a greater effect than at present. The development of the fishing sector, however, is greatly impeded by the condition of ship repair facilities and by an insufficient number of transport vessels. Thus, during the years of the Tenth Five-Year Plan, the shortage of ship repair facilities almost doubled. As a result, the proportional amount of old vessels increased. For the 11th Five-Year Plan the Ministry of Fisheries is planning an increase in the transport fleet but the shortage will not decline but rather increase. Hence there will be greater difficulties both in transporting the fish from the fishing grounds as well as with material-technical supply for the fishermen on the grounds.

The fishing ports remain a weak point of the sector as, as before, they do not have enough modern highly productive equipment. Traditionally piers have been in short supply. All of this often leads to fleet stoppages and reduces the operating efficiency of the sector as a whole. The raw material resources of the coastal zone are little utilized. Here the output of sea products could basically be increased significantly, but, unfortunately, there is nowhere to process them as the capacity of the shore fish combines is too small and there is no specialized commercial fleet. The housing and cultural-service conditions for the fishermen are improving slowly.

Unfortunately, the USSR Ministry of Fisheries for which these problems are not new has little heeded the arguments given about this by the local party and economic bodies.

Seemingly the Ministry of Railroads has been more attentive to the problems of the Maritime Area. Here they have agreed that it is abnormal that with a significant increase in all the kray's economic sectors the shipping volume rose by just 7 percent over the last five-year plan. The ministry has also agreed that the situation which has developed would become even more difficult with the opening of the BAM which will provide a significant increase in freight traffic. Immediate measures

are essential, including: the construction of new and the development of highly mechanized car preparation points for the loading of grain, lumber, fish products and other freight. The electrification of the Khabarovsk--Ussuriysk railroad section is also among the immediate measures.

The designated measures were to be carried out during two five-year plans, the Ninth and Tenth. However, having planned them, the ministry did not allocate the necessary funds for implementing them and as before did not help the development of the local subdivisions of the Ministry of Transport Construction.

Recently in Vladivostok a kray scientific-practical conference was held where recommendations were worked out on the problems and basic areas for the integrated development of the kray. It raised those questions mentioned above. Their resolution will help to successfully carry out the tasks confronting the workers of the Maritime Area in light of the demands of the 26th CPSU Congress.

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INTRODUCTION OF NEW TECHNOLOGY

FINANCIAL INCENTIVES FOR NEW TECHNOLOGY DISCUSSED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 6, Jun 81 pp 71-79

[Article by V. Shalimov, candidate of economic sciences: "Forming of Material-Incentive Funds for New Technology"]

[Text] In accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism at scientific-research, design, planning-and-design and technological organizations of the ministries transferred to a cost-accounting system of organization of work on new technology, material-incentive funds and funds for social-cultural measures and housing construction are being formed.¹ At production associations and enterprises of such ministries, additional deductions are made for material-incentive funds for payment of bonuses to workers who participate directly in the creation, development and introduction of new technology.

Basic Directions of Economic and Social Development of the USSR for 1981-1985 and for the Period to 1990 provide for the further improvement of the material-incentives system with consideration being given to the concrete contribution of each labor collective and individual worker to the results achieved.

At associations, enterprises, scientific-research, planning-design and technological organizations material-incentive funds for the creation, development and introduction of new technology are formed from several sources reflecting the results of the implementation of corresponding groups of measures of technical progress. The most important sources are deductions: from profits obtained as the result of an actual reduction of production cost of products (operations) and from additional profits obtained from incentive increases of wholesale prices. Funds included in the estimated cost of work are used as additional sources.

The use of such a procedure in the forming of incentive funds at a number of sectors of industry (Ministry of Electrical Equipment Industry, Ministry of Heavy and Transport Machine Building, Ministry of Power Machine Building and others) showed that it

1. See: "Statute on the Procedure of Forming and Utilizing Economic-Incentive Funds at Scientific-Research, Design, Planning-and-Design and Technological Organizations, Production Associations and Enterprises Transferred to the Cost-Accounting Systems on the Basis of Supply Orders (Contracts)," EKONOMICHESKAYA GAZETA, No 22, 1980.

possesses undoubted advantages. First, a large portion of material-incentive funds is formed in accordance with actual economic results coming from the introduction of incentive measures. Second, the size of the funds formed in this way has an economic validity and reflects tempi and scales of work on new technology as well as the needs of sectors in terms of incentive funds. A significant portion of the incentive funds of scientific-research institutions and design bureaus is formed on the basis of end results obtained at production associations and enterprises, thanks to which scientific collectives are motivated in the direction of accomplishment of highly effective developments and, which is particularly important, in the introduction of their results into production. Fourth, the level and dynamics of the preponderant portion of incentive funds at production associations and enterprises depend on an increase in the production volume of new technology, which motivates collectives to accelerate the development of series production of new, high efficiency products, the use of progressive technological processes and the introduction of mechanization and automation.

The statute on the procedure of forming and using economic-incentive funds resolves many problems relating to the forming of incentive-funds for new technology in a more valid and systematic way than the instructions which have been in effect at industrial sectors that had been earlier transferred to the cost-accounting system of organizing work on new technology. Funds intended for the forming of incentive funds of organizations (additional deductions for the material-incentive fund of enterprises) do not remain in their entirety at production associations, enterprises, scientific-research institutions and design bureaus working on new technology. In connection with the fact that ministries need funds for stimulating measures of technical progress, a portion of these funds is centralized at the sectorial level, forming a centralized incentive fund for the creation, development and introduction of new technology. It is formed by associations, enterprises, scientific-research institutions and design bureaus from the transfer of 20 percent of the funds provided for stimulation of each measure of technical progress. The norm of deductions for a centralized bonus fund is the same for all measures of technical progress and is stable (for example, at the Ministry of Electrical Equipment Industry, it has been in effect for more than 12 years).

The experience of operating a centralized bonus fund at industrial sectors transferred earlier to the cost-accounting system of organization of work on new technology showed that the methods used of forming and utilizing the centralized incentive fund possessed significant defects and contradictions. At industrial sectors a single methodological approach to the determination of valid directions of use of this fund did not exist. Thus analysis of its use at the Ministry of Electrical Equipment Industry, the Ministry of Heavy and Transport Machine Building, the Ministry of Power and Machine Building and the Ministry of Tractor and Agricultural Machine Building attests to the fact that the composition of stimulated scientific-technical work at each sector differs significantly. The absence of a strictly fixed list of work subject to stimulation from a centralized incentive fund has resulted in isolated cases of its irrational use.

A significantly and constantly growing share of the resources of centralized bonus funds has been allocated for scientific-research institutions and design bureaus and used for stimulating work that as a rule was not directly connected with the creation, development and introduction of new technology. For example, at the Ministry of Electrical Equipment Industry, there is taking place an absolute and relative

increase of payments to scientific-technical organizations from the centralized fund. Thus the relative share of moneys obtained by these organizations in the sum of the centralized bonus fund credited in a given year for new technology (that is, without a carried over surplus) amounted to 41.5 percent in 1971, 56.7 percent in 1972, 54.4 percent in 1973, 62.1 percent in 1974, 68.2 percent in 1975, 83.1 percent in 1976, 99.3 percent in 1977, 108.7 percent in 1978 and 81.8 percent in 1979.

It is clear that the presented use structure of the centralized bonus fund may not be considered soundly based and advisable. The unjustified increase of the share of scientific-research institutions and design bureaus in centralized bonus funds occurs as the result of a corresponding decrease of stimulating payments to production associations and enterprises.

The statute on the procedure of formation and utilization of economic incentive funds eliminates to a significant degree the noted defects and contradictions. It establishes strictly defined directions for the use of the centralized bonus fund. It is provided that a significant portion of its moneys is to be allocated for: rewarding of personnel for the creation, development and introduction of new technology, providing social, technical and other types of results (other than economic); an increase (of up to 25 percent) in the size of bonus for the creation, development and introduction of new technology, the use of which sharply reduces labor intensiveness of production, primarily in work involving heavy and dangerous conditions of labor; an increase (of 25 percent) of the size of bonus for the creation, development and introduction of new technology assigned for export or replacement of imported products.

The improvement of formation and utilization of the centralized bonus fund calls for expansion of the sphere of its operation. Thus, transfer of a portion of the centralized incentive fund to all-union associations would in our opinion contribute to more effective and smooth functioning of this fund and to increasing its stimulating action on production efficiency and quality of produced products.

The dependence of the size of incentive funds of organizations (additional deductions for the fund of material incentives of enterprises) on end results (effect) of work on introduction into production of achievements of scientific-technical progress serves as a significant positive factor of stimulating order and of the introduced cost-accounting system of organization of work on new technology. At the same time, analysis shows that the dependence of incentive funds for new technology on the size of economic results significantly differs for sectors of industry.

For example, at the Ministry of Electrical Equipment Industry, growth of the economic effect is largely ahead of the increase of incentive funds for new technology. Thus, during 1971-1979, the resultant savings grew by more than fourfold, while the incentive fund for new technology, formed from three sources, increased less than twofold and, with account being taken of receipt of bonus moneys on the basis of other existing statutes--2.06-fold.

Another correlation between these indicators has been observed at the Ministry of Power Machine Building. During 1972-1978, the sum of actually achieved savings increased 1.57-fold, while incentive funds for new technology increased 2.6 fold.²

2. Calculation takes into account the economic effect produced by initially introduced measures and new products manufactured for the first time.

Analysis of the structure of the incentive fund for new technology formed at the Ministry of Power Machine Building shows that it is not sufficiently closely connected to the end results of scientific-technical progress (Table 1). Thus, during 1971-1978, money included in the estimated cost of work, that is to say formed outside any connection to additional profit (actual economic effect) comprised about half of economic stimulation funds and grew from 47.3 to 48.05 percent of the total sum of incentive money. Money included into the estimated cost of work in relation to the economic effect and obtained from the client increased at a most rapid rate.

There should be pointed out the significant conditional (formal) character of this type of economic effect. The formation of incentive funds from the estimated cost of work is practically not reflected in the indicators of production and operational activity of the client (in distinction, for example, to the formation of incentive funds from price increases for products paid for by the client) and coordination of calculations of the economic effect for such measures of new technology is done formally, and its size is frequently overstated. Clearly, it is no accident that the share of savings obtained by the client comprised in 1977 and 1978, respectively, 71.5 and 63.3 percent of the total sum of the economic effect in the sector. Attention is drawn to the fact that the relative share of funds included in the estimated cost of work depending on the wage fund exceeded in the total sum of incentive funds the share of deductions from incentive price increases.

At the Ministry of Power Machine Building, a weak relation is observed between the economic effect and the sources of economic stimulation funds because of it. For example, in 1971-1979 the relative share of deductions from incentive additions in the total sum of the examined three sources remained practically unchanged, while the share of the economic effect resulting from these measures for new technology decreased more than twofold. At the same time, the relative share of source IV increased approximately 8 percent, while the share of the corresponding economic effect doubled. Such a disparity in the dynamics of the economic effect and the individual sources of formation of the incentive fund for new technology, is also characteristic of the Ministry of Electrical Equipment industry, albeit to a lesser degree.

The correlation between the sources of formation of incentive funds and the produced economic effect shows that in practice the advantageousness of the various measures for new technology from the point of view of the interests of production associations, enterprises, scientific-research institutions and design bureaus is not the same for the two analyzed industrial sectors. For example, at the Ministry of Electrical Equipment Industry, share I and II of the sources in the formation of incentive funds comprised in 1979 respectively 35.6 and 55.7 percent, while in the forming of the economic effect--8.6 and 88.8 percent. At the Ministry of Power Machine Building, the share of deductions from additional profit obtained through reduction of production cost comprised in the three examined sources about 32.3 percent in 1978, while the savings stemming from the measures stimulated as a result of the given source amounted to only about 10 percent. In our view, the character of correlation of these indicators brings about a need for creating more equal conditions of stimulation of measures of scientific-technical progress, ensuring a real economic effect (additional profit).

The establishment at the Ministry of Electrical Equipment Industry of a more direct dependence of incentive funds on the obtained economic effect than, for example, at the Ministry of Heavy and Transport Machine Building has contributed to the formation

Table 1 (in percent)

	Dynamics by years									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	
For Ministry of Electrical Equipment Industry										
Economic-stimulation funds for new technology formed from:										
additional profit coming from reduction of production cost (source I)	32.0	37.2	35.9	37.10	37.5	42.3	44.90	47.05	35.6	
additional profit coming from additions to prices (source II)	41.8	35.3	36.1	37.80	46.5	47.9	45.45	44.05	55.7	
money included in estimated value of work (source III)	26.2	27.5	28.0	25.10	16.0	9.8	9.65	8.90	8.7	
Economic effect resulting from realization of measures stimulated by:										
source I	20.8	13.2	10.1	10.60	9.1	8.4	8.75	9.30	8.6	
source II	62.8	71.2	77.1	75.55	82.3	86.2	85.50	87.30	88.8	
source III	16.4	15.6	12.8	13.85	8.6	5.4	5.75	3.40	2.6	
For Ministry of Power Machine Building										
Economic-stimulation funds for new technology formed from:										
source I	--	24.0	27.2	27.00	30.3	26.6	23.40	24.00	--	
source II	--	16.6	10.2	8.00	8.0	8.1	24.00	24.80	--	
an advance included in the estimated value of work (source III)	--	12.1	16.5	13.00	11.2	6.5	7.00	4.60	--	
funds included in estimated value of work, depending on economic effect coming from client (source IV)	--	20.0	20.4	25.00	27.8	24.8	24.20	25.40	--	
funds included in estimated cost of work, depending on wage fund (source V)	--	18.0	20.4	21.80	18.2	18.9	18.30	18.05	--	
other sources	--	9.3	5.3	5.20	4.4	4.5	3.10	3.15	--	
Economic effect resulting from realization of measures stimulated by:										
source I	--	7.0	4.8	3.60	6.7	5.5	6.80	10.10	--	
source II	--	60.5	63.5	36.70	35.6	28.9	21.70	26.60	--	
source IV	--	32.5	31.7	59.70	57.7	65.6	71.50	63.30	--	

Table 2 (in percent)

		Dynamics by years									
		1971	1972	1973	1974	1975	1976	1977	1978	1979	
For Ministry of Power Machine Building											
Sources at enterprises:											
I	--	44.4	45.0	47.1	49.1	37.3	33.30	32.20	--	--	
II	--	30.8	17.1	14.6	14.6	28.1	39.10	35.55	--	--	
III	--	9.2	19.5	10.8	9.5	4.9	5.40	3.05	--	--	
IV	--	2.2	3.6	5.8	6.4	8.1	8.80	15.05	--	--	
V	--	7.5	13.0	16.2	15.6	17.1	11.00	12.30	--	--	
others	--	5.6	1.8	5.5	4.8	4.5	2.40	1.85	--	--	
Sources at scientific-research institutions and design bureaus:											
I	--	3.0	8.0	8.7	9.1	11.4	9.90	13.10	--	--	
II	--	1.9	2.7	2.0	0.7	5.4	3.50	10.40	--	--	
III	--	15.0	13.2	15.0	13.0	8.8	9.15	6.60	--	--	
IV	--	38.2	38.8	42.4	52.3	48.6	45.30	39.40	--	--	
V	--	28.8	28.3	27.1	21.0	21.5	28.20	25.70	--	--	
others	--	13.1	9.0	4.8	3.9	4.3	3.95	4.80	--	--	
For Ministry of Electrical Equipment Industry											
Sources at enterprises:											
I	53.1	61.6	60.0	60.5	54.4	56.2	59.05	59.70	46.7		
II	49.9	38.4	40.0	39.5	45.6	43.8	40.95	40.30	53.3		
Sources at scientific-research institutions and design bureaus:											
I	6.4	6.5	7.1	6.2	6.8	8.15	9.20	10.20	8.9		
II	21.1	15.45	16.0	15.9	19.25	20.4	19.70	18.00	25.3		
III	30.0	26.5	26.1	22.2	14.5	9.2	8.95	8.00	8.8		
funds coming from ministry's centralized bonus fund	11.8	13.8	12.6	13.7	15.3	19.6	22.80	24.50	22.6		
funds coming from other operative statutes	30.7	37.75	38.2	42.0	44.15	42.65	39.35	39.30	34.4		

of a rational structure of bonus funds for new technology. Thus, during 1971-1979, the relative share of funds included in the estimated value of the work shrank from 26.2 to 8.7 percent, that is, threefold.

During 1976-1979, more than 90 percent of the economic stimulation funds for new technology were formed from additional profit obtained from incentive increases of prices and reduction of the production cost of the products that were put out. At the same time, the growth of source I significantly exceeds the growth of the economic effect provided for relevant work on new technology. Thus, during 1971-1979, the size of the aforesaid source grew more than twofold and the concomitant savings by only 66.3 percent. Such a relation attests to the untenability of proposals on increasing sizes of deductions for economic stimulation funds from additional profits obtained because of a reduction of the production cost of the produced products.

The correlation of sources of formation of incentive funds for new technology varies for industrial enterprises and scientific-technical organizations (Table 2). For example, even at the Ministry of Power Machine Building where, as it was noted, these funds are inadequately connected to the economic effect, while additional deductions for material-incentive funds of enterprises are 65-70 percent produced from the first two sources (additional profit obtained through reduction of production cost and hikes to prices). At enterprises of the Ministry of Electrical Equipment Industry, material-stimulation funds for work on new technology are entirely formed from the real savings resulting from this work. The tendency should be noted of an increase of the share of source I and reduction of the relative share of source II in the total sum of money of the material-incentive fund for new technology.

A different structure of the sources of bonus funds for new technology is characteristic of scientific-technical organizations (scientific-research institutions, design bureaus). Thus, at scientific-technical organizations of the Ministry of Power Machine Building, there is observed a tendency of increasing the share of the first two sources whose relative share grew from 4.9 in 1972 to 23.5 in 1978, that is, more than 4.7-fold. Bonus funds at institutes of this sector, however, continue to be formed essentially from sources not related to the real economic effect (additional profit). For example, in 1978, funds included in the estimated value of work (with the exclusion of an advance) exceeded 65 percent of bonus funds. The most important sources of forming of the latter are funds included in the estimated value of work depending on the economic effect accruing to the client (which, as already noted, is of a basically conditional character) and the wage fund.

At the scientific-research institutions and design bureaus of the Ministry of Electrical Equipment Industry a different structure of sources of incentive fund has been formed. Thus, almost one third of the aforesaid incentive funds in 1976-1979 were formed from additional profit received by enterprises of the sector as the result of introduction of joint developments into production.

The relative share of funds included in the estimated value of work and in bonus funds decreased by more than 3.4-fold. At the same time, funds coming from the ministry's centralized bonus fund play a significant and rapidly strengthening role in the forming of incentive funds for the scientific-research institutions and design bureaus. Receipt of these funds as a rule is not connected with the introduction of developments into production and a real economic effect.

The significant and growing importance of funds being received on the basis of other operative bonus statutes should be pointed out as a most negative factor in the forming of incentive funds for the scientific-research institutions and design bureaus of The Ministry of Electrical Equipment Industry. The relative share of the aforesaid resources in the total sum of the funds increased from 30.7 percent in 1971 to 40-42 percent in 1976-1977 and dropped somewhat in 1978-1979. Thus, a significant portion of the incentive funds of scientific-research institutions and design bureaus is formed apart from sources introduced by the cost-accounting system of organization of work according to new technology.

Analysis of the structure and dynamics of incentive funds for new technology at the Ministry of Electrical Equipment Industry and the Ministry of Power Machine Building permits making the following conclusions and proposals. First, the forming of incentive funds in these sectors of industry is connected in various ways with a real economic effect resulting from scientific-technical progress. The wide-scale use as sources of additional deductions for material-incentive funds at enterprises and incentive funds at scientific-technical organizations of the Ministry of Power Machine Building included in the estimated value of work depending on the economic effect and wage fund (sources IV and V) received by the client contributes to a separation in the forming of these funds from the end results (economic effect) of scientific-technical progress. In our view, resources included in the estimate value of work depending on the wage fund (source V) should serve as a source for the formation of incentive funds only at scientific-research institutions and design bureaus and for developments performed for other ministries and departments. Production associations and enterprises should not produce additional deductions for material incentive funds from the aforesaid source.

Second, it would be economically more sound to create incentive funds depending on the economic effect accruing to the client (source IV). As is well known, the given source should be formed for work aimed at the creation of new technological processes and the perfecting of existing ones and performed on the basis of orders of enterprises and organizations of other ministries (departments). Such work should ensure the improvement of technical-economic indicators of operative equipment and technological processes (productivity, durability, operational expenditures, outlays of materials, fuel, energy and the like) at enterprises of the ministries and departments of clients.

In this connection, the indicated incentive funds seemingly and advisedly should not be included in the estimate value of work (as is being done at the present time) but should be formed from deductions from additional profit obtained by ordering enterprises as the result of an actual improvement of the technical-economic indicators of operative equipment and technological processes. The proposed method of forming incentive funds in dependence on the economic effect obtained by the client will strengthen his responsibility for a sound determination of the real economic results from the accomplishment of pertinent work on new technology and will interest executives in improving the technical-economic indicators of operative equipment and technological processes.

It is clear that the given source can be used in a modified form for the formation of incentive funds at scientific-research institutions and design bureaus as well as for additional deductions for the material-incentive funds of production associations and enterprises. Moreover, with the formation of these funds in dependence on

the economic effect obtained by the client according to the recommended methods, that is, from deductions from additional profit of ordering enterprises, it becomes possible to use the aforesaid source not only for work done for other ministries and departments but also within the given sectors.

Third, the disparity noted in the analyzed industrial sectors in regard to the dynamics of deductions from additional profit obtained from a reduction of production cost (source I) and incentive additions to wholesale prices (source II) and the economic effect that is provided by the realized measures, stimulated from these sources, makes it necessary to improve the method of computing the indicated deductions. It is necessary to create relative equal conditions of stimulation of measures relating to new technology aimed both at producing a profit from actual reduction of production cost and attaining an additional profit from incentive price increases. In our opinion, the size of incentive funds per ruble of economy should be equal for different work on new technology.

Fourth, an important problem is forming of an optimal structure of sources of incentive funds for scientific-research institutions and design bureaus. It is essential to increase the share of such sources as deductions from profit obtained by enterprises from reduced production cost and incentive price increases and correspondingly to reduce the relative share of deductions that do not depend on the real economic effect. The chief portion of incentive funds for scientific-research institutions and design bureaus should be created from sources introduced by the cost-accounting system of organization of work on new technology, while receipts of bonus funds in accordance with other existing statutes should play a secondary role. In the opposite case, the stimulating effect of the indicated sources on acceleration of scientific-technical progress will be weakened by a significant extraneous influence. It is clear that the formation of an optimal structure for incentive funds for new technology, the sphere of receipts of bonus funds on the basis of other operative statutes must be significantly reduced.

In the performance of most work on new technology there participate as a rule several coexecutants--production associations, enterprises, scientific-research institutions and design bureaus. The total sum of money deducted for each job for the funds of the organizations and participating enterprises is distributed in accordance with their share participation as a rule in the following sizes: for research and planning and design work--20-40 percent for technological work and for preparation of production--the same and for the assimilation of new equipment and the organization of production--30-50 percent.

It is assumed that such a distribution makes it possible to take into account the volume, complexity and type of work performed by each coexecutant. At the same time, it is provided that on the basis of the specific character of the performed work, organizations (enterprises) may on mutual agreement determine other size of distribution of the total sum of deductions. The concrete size of funds allocated to each of the participants in the creation, development and introduction of new technology is stipulated in the supply order (contract) for fulfillment of the work or in another plan document approved by a superior organization. With receipt of the performed work and following its introduction, the size of funds received by each participant is made precise.

In sectors of industry that were transferred earlier to the cost-accounting system of organization of work on new technology, significant experience was accumulated on comparable distribution of incentive funds in the practice of stimulation of scientific-technical progress. At the Ministry of Electrical Equipment Industry, Ministry of Power Machine Building and Ministry of Heavy and Transport Machine Building, such a distribution is practically not used. All the varied work relating to the creation, development and introduction of new technology is subdivided into three large groups in the studied distribution; such a division is manifestly inadequate inasmuch as two or more coexecutants participate in the work of each group.

In our view, with such a distribution, there is no justification in speaking of taking into consideration volume and complexity of work. As for ranges in the size of incentive funds due for completion of work of a certain group, they, exactly like a broad subdivision of work, make possible a subjective determination of the share of coexecutants in incentive funds. Because of this, there is widespread an equalizing distribution of incentive funds not depending on the real contribution of the coexecutants in the realization of this or that measure of technical progress.

Consequently, the method of distribution of incentive funds among the coexecutants of measures of technical progress calls for improvement. One variant could be the determination of the share of each participant of the development in proportion to outlays of live labor, but with the obligatory consideration of its complexity and effectiveness. Sound determination of the share of incentive coming to each of the coexecutants will significantly increase the interest of enterprises, scientific-research institutions and design bureaus in the creation, development and introduction of new equipment.

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